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Pentagon Considers Boarding 2 North Korean Cargo Ships

Vessels Carry Scuds Bound for Iran and Syria

By Patrick E. Tyler

WASHINGTON — The Bush administration is examining the military option of boarding two North Korean cargo ships that are heading for Iran loaded with Scud-C ballistic missiles for the arsenals of Syria and Iran, according to administration officials.

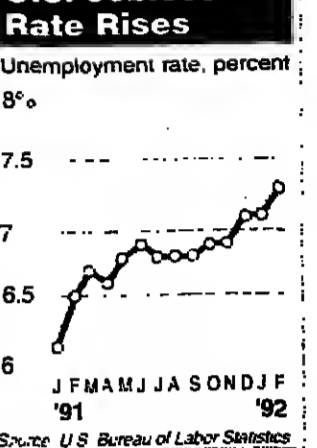


READY FOR RAMADAN — An overflow crowd praying Friday on the stairs at New Delhi's largest mosque, the Jama Masjid, as the beginning of the holy month of Ramadan approached.

Unemployment Rises to 7.3% In U.S. Despite Increase in Jobs

By Lawrence Malkin

NEW YORK — The U.S. economy started creating new jobs again last month, but a welter of statistical adjustments helped temper the good news on Friday, confounding financial markets and disappointing President George Bush's reelection campaign.



At Cut Rate, Washington Hires 116 Russians for Fusion Work

By William J. Broad

NEW YORK — The U.S. government is hiring more than 100 scientists from Russia to help America harness the vast energy of nuclear fusion.

U.S. Lets Ex-Soviets In on Modern Communications

By Keith Bradsher

WASHINGTON — The United States has reached tentative agreement with Europe and Japan to loosen international controls on exports of advanced telecommunications equipment to the former Soviet republics.

Kiosk

Major and Bush Firm on Iraq

LONDON (Reuters) — Prime Minister John Major and President George Bush agreed Friday that they would use whatever means necessary to force Iraq to comply with UN resolutions on weapons destruction.

Computer Bug Flops

Personal computer users reported only scattered outbreaks Friday of the Melchior virus and no widespread damage. About 10,000 PCs were hit. (Page 11)

Special Report

Italy's glamorous fashion names are taking back control at the retail level. Pages 6-7.

Table with exchange rates: The Dollar in New York, DM 1.6675, Pound 1.719, Yen 131.85, FF 5.6645.



ROYAL BIRTHDAY — Nagako, widow of Emperor Hirohito of Japan, celebrated 89 years Friday.

Azerbaijan Chief Quits, Ending 'Torment'

By Michael Dobbs

MOSCOW — President Ayaz N. Mutalibov of Azerbaijan bowed to opposition demands for his resignation Friday following a serious reversal suffered by his republic in its territorial dispute with neighboring Armenia.

Tokyo Seeks to Loosen Old School Ties

By David E. Sanger

TOKYO — A few weeks ago, Prime Minister Kiichi Miyazawa, who graduated from the University of Tokyo in 1941, turned to his chief aide, Koichi Kato, who graduated from the same university in 1964, and declared that a nagging problem with the Japanese government had gotten out of control: Too many of the country's powerful bureaucrats emerged from the same school.

An American Rx for Postsurgery Pain

By Boyce Rensberger

WASHINGTON — Millions of people who have surgery or who sustain serious wounds suffer needlessly from prolonged, severe pain, according to federal health officials, often because doctors and nurses administer inadequate doses of pain killers out of an unjustified fear of causing addiction.

Herald Tribune

Published With The New York Times and The Washington Post

For the 'New World Army'

For years the United Nations has been notable mostly for its vocal cords. That has changed. Nowadays the UN's muscle — its blue-helmeted soldiers — seems to be everywhere. And costs have soared. The bill for 11 peacekeeping missions could approach \$3.7 billion this year. Never before have so many UN troops been committed to so many costly and diverse missions.

Yet, as Mr. Urquhart contends, the UN is ill-prepared for such intervention. Peacekeepers have been recruited on a contract basis for specific missions; many come from smaller, nonaligned nations. What may now be needed is a permanent force for rapid deployment in chaotic circumstances. One promising possibility is to make fuller use of the UN Charter. Article 43 already calls on members to make available "armed forces, assistance and facilities" necessary to maintain international peace.

Afraid to Speak Out In the Name of Peace

By Leslie H. Gelb

NEW YORK — America has a government of followers following followers, turning the United States inward and boning the mentality of a banana republic. This week inside congressional hearing rooms, you could have heard the whines and wails of weakness.

The administration was already working behind the scenes to settle for much less than \$900 million — so that all could hide what little they would vote for the presumably unpopular task of peacekeeping.

OPINION

Cambodia: An Opportunity to Heal

By Stephen S. Rosenfeld

WASHINGTON — Ah yes. Cambodia: Such a miserable and wretched place, so remote, so unimportant in the new scheme of things, so expensive. This is the muted groan in Washington as a distracted American government struggles — struggles not so much to come up with its due share of United Nations peacekeeping costs in Cambodia as to avoid confronting the issue of its default.

Many in Congress want peace only on the cheap.

UN's work in international peacekeeping. But they want to perform this mission on the cheap. Call it the new Cambodia syndrome.

thing. But short enough to lose a claim to enlightened leadership. Let Congress not preen, however. In December, after full Cambodian and international agreement on a peace plan had been achieved, Representative Chester Atkins, Democrat of Massachusetts, wrote the president saying the settlement opened the way to a new takeover by the genocidal Khmer Rouge.

Mideast: A Proper Balance

Through four rounds of Middle East peace talks, Arabs have pleaded with the United States to abandon its mediator's detachment and intervene on issues of substance. Thursday the State Department finally responded — by criticizing the Arab side. An official made public the message the secretary of state had given the Palestinian delegation in private. Be realistic, the message said: Stop posturing for public consumption, and get serious about negotiating the agreed agenda priority of interim autonomy in the West Bank and Gaza.

conference, however, they agreed to put autonomy first. The United States has the weight to enforce this agreement and in fact is bound to do so in order to maintain credibility with all parties. The fresh American emphasis on the point allows Palestinian negotiators to argue to wary constituents that Washington gives them no choice.

Not All Americans Have Their Backs to the World

By Flora Lewis

MIAMI — Despite harsh public sounds of M isolationism and rejection of the outside world, there seems to be a counterstrain of Americans interested and eager to remain engaged in international affairs.

Traveling across the country, from California to Maine, I have found a lively concern with the way the rest of the world is evolving and a sense that the United States must continue to play a prime role.

reacting too slowly, too meagerly and shortsightedly to the troubles imposed by transition on ex-Communist states, as they worry about massive unemployment in America as defense-related industries and offices shut down. I never heard anyone complain that the United States is doing too much to help former enemies, or letting its guard down too fast.

There is bewilderment and some irritation at the arcane arguments over how to trim the defense budget. The Pentagon's scenarios of future threats, ostensibly compiled as the basis for planning required force levels, seem like a rerun of past wars: Iraq, North Korea (but not Vietnam), almost a parade of old battle flags.

or she knows what they think should be done. The perceived lack of clarity about goals and purposes is a key element in the widespread dissatisfaction about the way the presidential campaign is going, the feeling that nobody is offering enough weight and dimension to fill the presidency, including the incumbent.

A Senator's Tasteless Quip

There is nothing funny about 200,000 human beings incinerated by nuclear weapons. Ernest Hollings, usually a scowling senator, shamed himself Monday by tastelessly quipping to South Carolina workers: "You should draw a mushroom cloud and put underneath it, 'Made in America by lazy and illiterate Americans and tested in Japan.'"

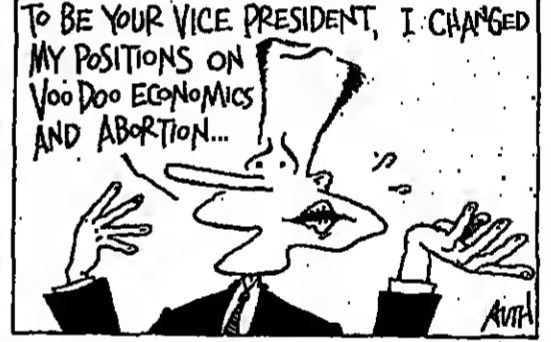
Both countries are entitled to decent respect for the innocent dead. That is what Mr. Hollings has lost sight of. Unrepentant, he glories in his callous joke. In contrast to the hasty apologies from Japan that have followed every high-level insult made there, the senator tells questioners: "I'm glad I said it. Even a belated apology would be welcome."

The Conviction Campaign: Bush Is Drawing a Blank

By Charles Krauthammer

WASHINGTON — Against all the odds, the cynics and the handiers, the story thus far of Campaign '92 is that the politics of conviction are doing rather well. The candidates who have come from further back from bad jokes to political respectability are the most deeply committed and widely ideological of the candidates. Jerry Brown and Pat Buchanan. Paul Tsongas and Bill Clinton do not have quite the same authenticity and passion, but they do present well-defined programs and the sense that they are not making it up as they go along. They have been rewarded with front-runner status.

The exception is Tom Harkin, the one candidate who has convictions but is going nowhere. His bad luck is to have the wrong kind of convictions. Mr. Harkin does not understand that socialism is dead. As Jerry Brown has discovered, the new left is new age: yuppie and green, strong in resort country (like Colorado) and Maine, where Mr. Brown did well, concerned about corruption and "spirituality."



The Struggle to Compete

American ability to compete economically is slowly but visibly declining. The country is now running the world's biggest international trade deficits, and over the past decade has become by far the world's biggest debtor in a reckless effort to maintain its standard of living. But by most measures, the living standard is lower now than it was in the late 1970s. In a rising number of key industries, American companies are falling behind the competition.

lowest savings rate of any industrial country. But the savings pool has to finance the federal deficit as well as industrial progress. The U.S. Treasury comes first, and industry and housing get what is left.

On the Right, a Bad Case of Buchanan

By A. M. Rosenthal

NEW YORK — In the very recent past, most intellectual conservatives understood, named and fought against a political disease they called moral equivalency. Now a sad number of them are suddenly suffering from it.

Moral equivalency is a disorder of that part of the mental process that governs ethical political thought and conduct. Those afflicted exhibit certain specific symptoms. They cannot discern the essential differences between political good and political evil when choices have to be made. They magnify the faults and complications of democracy and glaze over the horrors of tyranny. They refuse to choose between freedom and oppression when the friends of freedom desperately need help.

ple of weeks around State of the Maryland showed that Mr. Buchanan did as well with liberal Republicans as with conservatives — but it is so real and so deep that, if the Democrats don't blow it (a huge if), Mr. Bush will be a one-term president.

able competence. He did that well, managing the reunification of Germany and the defanging of Iraq with considerable skill. (Mr. Bush left the Iraq problem there when he found it.)

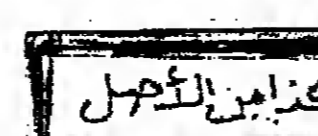
CHUNGKING — [From our New York edition:] Carried part way on the backs of elephants traversing dense jungle, war materials have started to reach China by one of the two new supply routes from India, replacing the railway from Rangoon to the Burma Road. It was learned today [March 6]. The first shipments along the jungle trail were loaded over the mountains from India to Burma and carried by boat before they reached the head of the Burma Road, whence Chinese trucks took them into Yunnan Province.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1892: Restoring Graves PARIS — A pious initiative has been taken by M. Osiris, whose name is famous for the good use he makes of his large fortune. He has written to the Prefect of the Seine for authorization to erect monuments or repair those already existing over the graves of some of the illustrious dead whose remains lie in the Paris cemeteries.

1917: Police Tell of Plot NEW YORK — The Hoboken, New Jersey, and New York police, acting on information furnished by the United States Secret Service, yesterday afternoon [March 6] arrested one Fritz Kolb, 31 years of age, who confessed, they say, to being implicated against the life and well-being of President Wilson. An attempt to as-

U.S. Lottery Confirms A Won Jackpot A New Lottery? Finally, I.K. To Chance It! PAN: More to



U.S. Lottery Official Confirms Australians Won Jackpot - Maybe

By John F. Harris and Brooke A. Masters Washington Post Service WASHINGTON — Virginia lottery officials ended a three-week, two-continent mystery by confirming that an Australian gambling syndicate won last month's record \$27 million jackpot after...

A New Lottery? Finally, U.K. To Chance It

LONDON — After a hiatus of nearly 170 years, Britain intends to have a national lottery to raise money for charities, sports and the arts, the government said Friday. Home Secretary Kenneth Baker said that the lottery, which could be in operation by 1994, would be managed by the private sector...



Demonstrators in Baku, Azerbaijan, venting their anger Friday over the policies of President Aiyaz Mutalibov, who was forced to resign.

U.K. Guessing Game: Date of Election

By Craig R. Whitney New York Times Service LONDON — Neil Kinnock, the opposition Labour Party leader, who hopes to replace John Major as prime minister as soon as Mr. Major calls a general election, already has the campaign meticulously planned. Every day has its chosen issue, with the Labour Party shadow cabinet ready to fan out across the country to pound Conservative positions...

It clear through other hints that he will, soon. The new Parliament will convene right after the election, and then disperse almost immediately for a recess, one of Mr. Major's closest aides said Wednesday, blushing when it became apparent that this could only mean the Easter recess; Easter falls on April 19 this year. Ergo, elections on April 9.

JAPAN: Move to Loosen Old Ties

(Continued from page 1) The years of preparation for Japan's all-important university exams. In fact, many are skeptical that Mr. Miyazawa really wants to tinker with success. Some say that he is merely grandstanding, hoping to win the hearts of the vast majority of Japanese who resent Today's monopoly on power.

PAIN: Rx for Discomfort

(Continued from page 1) tributed to doctors and other health workers across the country as well as to patients. The report covers all forms of surgery and other painful medical procedures such as lumbar punctures and biopsies, as well as treatment of diseases and injuries that are painful. They recommend methods of assessing degrees of pain, discuss the merits and downsides of 29 commonly used pain medications and suggest several non-drug ways of controlling pain such as breathing exercises.

FUSION: U.S. Hires Russian Experts at Bargain Pay

(Continued from page 1) they fuse and release vast energy. In a fusion reactor, the temperature must be higher, around 200 million degrees centigrade, since the fusion fuel undergoes far less compression than materials at the center of the sun.

War on Its Border Frustrates Turkey's Hopes for Region

By Alan Cowell New York Times Service ANKARA — As fighting continues across Turkey's eastern border, pitting Azerbaijanis against Armenians, Turkish authorities are displaying increasing alarm that the conflict will draw them closer toward a war that raises historical specters as much as it seems to blight Ankara's vision of a new dominance in the region.

Officials and Western diplomats acknowledge, moreover, that the fighting blocks Turkey's geographical path to the Muslim, Turkic republics of Central Asia. The United States and other Western nations are hoping that Ankara will challenge Iranian and Saudi diplomatic inroads in that region by setting an example of democratic, Western-leaning political and economic development.

ACROSS 60 Braxton and Thomas of the C.S.A. 106 "Playboy of the Western World" playwright 63 Reluctant 107 Dress wood 64 Giant slain by Apollo 109 Shrinks back 65 Heine's sigh 110 Actor Byrnes 66 Leonard's... like 111 Conception 67 Deprive of weapons 112 Naval construction worker 68 Wife of Paris 113 Curvaceous letter 69 "Come live with me... Donnie 114 Rural kin of aves. 70 "Venezuelan prairie 115 Nigerian native 71 "Cor or core" 116 Stage, in Sevilla 72 Albany inflammation 117 Begun to use 73 Impairs 118 Hammerlike weapon 74 All-purpose trick 123 John Evelyn was one 75 Whiffenpoof word 125 European winter resort 76 Everglades 126 "Susunoo" U.S.A.F. motto 77 Zenith 127 TNT mixture 78 Adjusts machinery 130 Unguentary drosophila 79 Spicy snack 131 Connected series 80 Cry of amused surprise 132 "and Mabel," Gable film 81 Framework 133 "Sniggler for wrigglers 82 Burning 134 Designer de la 83 Dostoyevsky novel, with "The Idiot" 90 135 137 84 Fungom et al. 93 138 85 Virile fellow 94 139 86 Parsonages 96 140 87 Sunken fences 98 141 88 Indonesian law 100 142 89 Instant 101 143 90 Soft 102 144 91 Ballerina's movement 104 145

In Other Words By Kevin Boyle 15 Unpaid debt 44 U.S. Special Forces unit 73 Take testimony 104 Wove again 16 South American ungulate 45 Headcheese, e.g. 74 Ancient Greek sanctuary 106 Record-album designation 17 Med. suffix 46 Vesperizio from Abaddon 75 Loveless (humorous) 108 Rabbit 18 — Blanc 47 Adjust a spinner 76 Threefold 112 Remain at home 19 Homer's "scourge of mortals" 48 A.F.B. in Text 50 Address film: 83 Hebrew letter 115 Fern. suffixes 23 Comedian Phillips 52 Compendious plus melliferous 87 Firmament 116 Israeli seaport 26 Entrance of a fugue subject 57 A moon of Jupiter 88 Haut 89 Discontinue 122 Pro 27 Famed American photographer 58 Tour le (everyone) 90 Female friend 123 U.S.A.F. decoration 34 Trencherman 60 Saturnalia 91 Gopher's hole— 124 One of the Huxtables 35 Perform peripeteia, in a way 61 Tenth of a sen 62 Implead 97 Smeagol and white 128 Poker payment 38 Very funny person 66 Pussant snuffducks 98 "Demian" author 129 Bandleader Kenon 39 Kin of 104 Across 68 Collars 102 Clay, today 132 Chosen, in Cam method 40 Abscond broadly 70 River in Spain 103 Pray, today 133 Due follower 43 Earlobe adjuncts 72 Porrray in words 77 Take testimony 104 Wove again 106 Record-album designation 108 Rabbit 112 Remain at home 115 Fern. suffixes 116 Israeli seaport 118 "... every foot is not..." Pope 119 Mairams 120 Book of the Apoc 121 Eastern maid 122 Pro 123 U.S.A.F. decoration 124 One of the Huxtables 128 Poker payment 129 Bandleader Kenon 132 Chosen, in Cam method 133 Due follower

RESIGN: Azerbaijani Steps Down

(Continued from page 1) Earlier, Mr. Mutalibov had described the attempt to force him from office as tantamount to a coup. As chairman of "resign, resign" echoed across the vast square outside the parliament building, the president of Azerbaijan, a formula was reached for his resignation. In his resignation speech, Mr. Mutalibov urged deputies to unite in the face of possible "aggression against our people."

MISSILES: U.S. Debates Options

(Continued from page 1) "We would view with great concern any transfer of this type. The dangers of Soviet missiles in the Middle East region have been amply demonstrated during the Gulf War." Some officials said they believed that taking action against the North Korean ships would not be productive because the missiles would be delivered anyway. The action would only serve to aggravate U.S. relations with Syria, a political objective that these officials associated with the Likud government in Israel.

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Solution to Puzzle of Feb. 29-March 1. ACROSS 1 Schussboomer's spot 6 Frogman 11 Swimsuit top 14 Symbol of feminine civility 20 Gave succor 21 Muslim decree 22 No... Ho 24 Plying the 25 Derritus 26 Stonecrop-family plant 29 Reason d' 30 Clear 31 Caesar's "rate 32 Jefferson and Paine, e.g. 33 Took five 36 Comb. Comb. form 37 Dolce — niente 38 Big Board's big brother 41 Scottish lake or river 44 Soprano role in "Orfeo ed Euridice" 46 LAX notice 48 Star assemblage 51 Originate 52 Brit. medieval pennies 53 Apiculator's concern 54 Newsman Dan 55 A Bobsey twin 56 Prepare leftovers 58 Paraguayan tea 59 Join

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1942: Aid by Elephants

Italian Fashion

Phantom of the '90s Milan in Search of the New Customer

By Alexander Lobrano

PARIS — The Italian fashion industry is coming to terms with the emergence of a mysterious new phantom — the consumer of the '90s. The free-spending, designer-doting shoppers of the '80s are gone, and the challenge now is to understand and adapt to a change in buying patterns that is almost as dramatic as that following the 1929 stock market crash.

So, who is this "new" customer? Ask most people in Milan and the frenzy of characteristics they recite — quality, conscience, sincerity, discretion, sobriety — sounds like the subject roster for a series of Amish prayer meetings. In this light, many producers are trying to distance themselves from being identified with fashion, which has come to serve as a sort of code word for self-indulgent, ephemeral, shallow. What's being embraced instead — quality and classicism — are actually, however, the original values of Italian fashion, as defined by companies like Ferragamo and Gucci, before the cycle of fashion went mad in the '70s and '80s.

Quality, especially in relation to price, is cited more often than any other single factor as the key to attracting the '90s consumer. "In the '80s, women bought according to designer labels and were less interested in quality and technique," says Giorgio Bogognini, commercial and marketing director of Franco Moschino. "Now, in the '90s, quality is key."

"Young people really crave quality," says Dawn Mello, executive vice president and creative director for Gucci. "This is why they frequent thrift shops and flea markets. They want the craftsmanship of another era." Ferruccio Ferragamo, one of the directors of the family firm, speaks for many when he says, "The consumers of the '90s are more aware. They do not buy a product only for the label; they want quality in terms of fashionable but classic items that offer the best possible value for the money."

They also want to feel good about the clothing that they buy. "In the '90s, there's a sense of conscience," says designer Giorgio Armani. "The '80s were a moment of money, fun and easy living when people supposedly didn't care about substance, and clothing reflected this. ... Now, in the '90s, with the world disrupted by violence, poverty and sickness, people are awkward and confused. They feel as though they should be paying attention to economic problems but after a while they lose interest. They still understand, though, that it would be indiscreet to display whatever wealth they have and so they dress somberly."

A new practicality is also a distinguishing characteristic of this consumer metamorphosis. "The most important change between the '80s and the '90s in the way women shop is that they've almost completely stopped buying on impulse," says Giancarlo Giametti, president of Valentino. "Today, women buy like men, or only when they need clothing. Before, they bought winter clothing in July just because they liked it; now they're much more seasonal and price-conscious."

Other elements of this change range from a reaction against consumerism stemming from environmentalism to a subtle evolution of public taste. "The taste level of the mass public is becoming more sophisticated," says Fabio Gnocchi, general product manager of Etro, the Milanese silk-weaver and luggage maker that has recently diversified into apparel. "Today's customer wants a great subtlety and simplicity. During the '80s, people were influenced by ads and designer signatures. Today, more and more of them buy according to their own taste."

A look at some of the Italian producers who are thriving, gloomy economic conditions notwithstanding, reveals another vital aspect of the new age: Many consumers are wary of packaged images and more willing to identify with a trademark or an anonymous label than a designer name. Gucci, the Italian luxury house has enjoyed a spectacular revival under the direction of Dawn Mello, former president of Bergdorf Goodman. Mello says, "What we've been trying to do is regain customers who had moved on when the product lost its standards and then to introduce ourselves to a new generation of customers. ... It's important to note, too, that we consider ourselves as a trademark and not a design house. Our fashion evolves, it doesn't automatically change from season to season."

A good example of the new Gucci approach, which is not just about renewing classics but creating them, is the introduction of this season of what Mello calls the "Moccasinino," a Gucci loafer-styled platform shoe. "With this new shoe, we've taken the classic Gucci loafer and given it a modern personality."

TWO other conspicuous recent Italian successes are Giorgio Armani's new A/X shops in the United States and Franco Moschino's Cheap and Chic Boe. A/X, which was launched in New York last fall, offers a complete range of casual knits, jeans and clothing that rarely cost more than \$100, and it has been a huge success. "People want quality basics, but with a creative muse," says Armani in explaining the popularity of A/X. He has just opened another 15 A/X shops in Dallas, Atlanta, New Orleans and Minneapolis, among other U.S. cities, and has tentative plans to introduce the concept in Europe in 1994.

Buyers at stores ranging from Galeries Lafayette in Paris to Browns, the chic London boutique, have a new mantra: Cheap and Chic. This second line by designer Franco Moschino, who has long enjoyed tweaking the Milan establishment with items like a jacket that bore the logo "this jacket cost 1,000,000 lire," was introduced four and a half years ago and is one of the hottest selling labels to stores everywhere from New York to Nagoya. "We don't really believe in fashion," says Giorgio Bogognini of Moschino, "we've always had a very classical point of view, and we've always known that there are more important things in life than clothing, which is what our ad cam-

paigns have been about. And now in the '90s, the world has caught up with this idea, and people want very well-made classical clothing that has an appealingly irreverent message."

NN Studio, the design collective founded by Donato Maino and Carla Sozzani, Romeo Gigli's former partners, has also created a stir in Milan. NN stands for "no name," a reflection of the company's conviction that a single high-media profile designer is no longer either necessary or desirable in the '90s.

With a style that sympathizes with the broad natural-basics category defined by the Gap and the American designer Zoran, NN studio will eventually also produce furniture, perfumes, and home furnishings. Beyond specific bellwether success in the market, the entire Italian industry is struggling to hold down prices without sacrificing quality. The country's already high and ever-increasing labor costs make this a particular challenge, especially since the Made in Italy label still carries a special cachet.

Aside from the automation of production and a shift to less expensive and sometimes imported fabrics, companies are trying a variety of strategies. The goods on sale at A/X Armani, for example, are sourced internationally, with 40

percent coming from the United States and 30 percent each from Italy and the Far East. Giancarlo Giametti says that Valentino is investigating local production in the United States and Japan, and other manufacturers are also considering licensing agreements.

Luxury-goods producers are also responding to price pressure. "We're lowering a lot of our prices for this coming season," Dawn Mello says. "But as a sign on Maurizio Gucci's desk says, quality is remembered long after price is forgotten, so we're finding ways to streamline the production of various items without compromising the basic quality."

Many think that the new sensitivity to quality will endure. "You can't sell steel the same way that you sell gold," says Fabio Gnocchi of Etro. "Once people have a certain set of expectations, they're difficult to change." Selling fashion isn't like selling gold or steel, however. As Giametti observes, "Our image will always be based on dreams. We still believe that a hopeful vanity is the key element in fashion whatever decade it may be."

In the '80s, women bought according to designer labels. Today, their own taste is the key.



Creators of Fine Lingerie Maximize the Minimum

By Michèle Loyer

PARIS — Some luxury products seem to weather recessionary times better than others. And luxury lingerie, as frivolous and unessential as champagne for breakfast, continues to sell well. No one understands luxury products better than the Italians. Beautiful lingerie, like fine leather goods or hand-embroidered linens, belongs to the Italian tradition. Today it is big business.

Although the lingerie industry in Italy is split into thousands of small family-type units, selling in turn to a complex network of specialty shops, sometimes a small business turns into a giant. One of the best examples of a success story all'Italiana is Gruppo La Perla.

Now the fifth largest textile group in Italy, La Perla had a modest start in the '50s, selling out of a Bologna apartment. At the time, Ada Masotti, the founder of the firm, was a concierge and part-time corset-maker with a clientele of elegant, upper-class women. Beginning with two sewing machines, Masotti, with the help of her business partner and traveling salesman, Ubaldo Borgomanero, built an empire, employing 2,500 people and producing 20 product lines, from lingerie to women's and men's wear.

In 1991, La Perla's gross reached \$455 million, with the luxury lingerie line representing 50 percent of the total. The company's rapid expansion into specialty outlets, department stores and duty-free shops coincided with an explosion of hedonism, but it is the basic philosophy of Ada Masotti that has ensured its lasting success. "Never compromise on quality and innovation," Masotti said.

La Perla continuously improves its technology so it can quickly adapt to new trends. Some of the now commonly accepted technical breakthroughs in fabrics, such as elastic laces and tulle, pleated polyester or silk-like microfibers, were developed for the company.

But much of La Perla's international success, rather than its styling and fabric innovation, comes from its aggressive communications strategy. La Perla's yearly advertising investment represents about 15 percent of its turnover.

Gruppo La Perla carries several lingerie lines, including Malizia and Oochi Verdi, but the original La Perla collection established its prestige image. A sophisticated, even slightly theatrical, product, La Perla lingerie is aimed at the woman who loves her body enough to spend as much as \$355 for a bodysuit or 800 francs for a bra — and, of course, intends to show it off.

In recent years, La Perla has come to Paris for international cooperation. Paris and the French market have become a crucial axis of the firm's international communications strategy. "The French market is essential to us a

platform for our image," says Frédéric Avril-laud, manager of La Perla's Paris office and director of communications. "But selling La Perla products in France is another challenge. 'Trying to sell lingerie to the French, the world's lingerie specialists, is like bringing coals to Newcastle,'" says Jacqueline Segal, chief buyer of Bon Marché, the recently revamped Left Bank department store. Yet, La Perla sells very well in department stores, as well as through its network of 350 specialty shops.

Despite the current doldrums in the American market, La Perla's business is still brisk at the most important department stores there. "We are still doing millions of dollars of business with our New York and West Coast de-

partments," notes Fiera Mattioli, a lingerie buyer for AMC Italy. Driven to produce high-quality merchandise, La Perla's Achilles' heel is probably its price level — around 25 percent higher than that of other lines. And, in difficult economic times, the price factor prevails.

So, it is on price that La Perla's potential challengers base their strategies. Delmar, a Como-based lingerie manufacturer, also sells high-quality lingerie along with swimwear and cruise-wear lines. Ritratto di Delmar retails for about a quarter less than La Perla for a similar product, but Delmar does not have the aggressive advertising campaign that has secured La Perla's image.

Another source of competition comes from fashion designers who have their own lingerie lines. Among them, Gianfranco Ferré stands out. Ferré has brought a new vision inspired by couture technique to lingerie. His strapless bodysuit with a preshaped bra has been copied by everyone else.

Dolce e Gabbana, the Sicilian designers, have always been inspired by lingerie in their ready-to-wear collection. Their recent lingerie line is both sophisticated and simple, a step away from the traditional laces and tulle.

Will the recession affect the look of tomorrow's lingerie? Probably, and not only its look but its price. A recent survey by the French Lingerie Federation indicates that the frankly flaunt-it, narcissistic lingerie — worn outside as well as in — should gradually calm down. As the fashion pendulum swings back toward more subtlety, bras and bodysuits will go back to what they used to be: intimate garments, with comfort and simplicity prevailing.

But the lacy bra and saucy garter belt aren't likely to disappear. They will just go back into hiding until an appropriate moment to emerge; MICHELE LOYER is a Paris-based journalist.

Richard Buckley

GIANNI VERSACE SIGNATURE

PARIS: 64 RUE DU FAUBOURG ST. HONORE - 64/66 RUE DES SAINTS PERES

ECONOMIC SCENE

World's Next Cold War Might Be About Money

By Leonard Silk
NEW YORK — The easing of East-West tensions and the end of the Cold War raised hopes for a long spell of world peace and economic development.

With stronger growth ahead, there is also likely to be greater economic instability.

In unraveling the encyclopedic work at United Nations headquarters in New York this week, one of the authors, Professor Lawrence R. Klein of the University of Pennsylvania, a Nobel laureate in economics, took the hopeful view that the present turbulent time is indeed a period of transition toward a new era of more rapid growth.

But, with the stronger growth that lies ahead, there is also likely to be greater economic instability. "The world economy will probably experience more cyclical sensitivity throughout as the market system spreads," Professor Klein said.

During the present transition period with economic restructuring in Eastern Europe and the former Soviet Union, nearly every country is undergoing a painful readjustment.

PROFESSOR KLEIN said: "Nevertheless, the present recessionary and near-recessionary corrections taking place in many countries are just that — corrections."

When a number of countries enter their expansionary cyclical phases, he predicted, "they have the potential for enjoying an unusually good prospect for the medium term because of the expansionary effects of the Single Market in Europe and the need for making large capital transfers, East to West and North to South."

The development of new areas of the world, combined with a strong inventory of technological advances, will lay the foundations for an expansionary period that could last through the end of the century.

The decade of the 1990s, Professor Klein said, could be more favorable for economic advancement than the 1950s and 1960s — history's most rapid period of world economic growth.

But other contributors to the U.N. work put far greater stress on the threats than the opportunities ahead.

Shafiqul Islam, a senior fellow at the Council on Foreign Relations in New York, warned that the 21st century may experience "a capitalist Cold War."

The challenge is to develop a new strategy, he said, not for containing Communism, but for containing capitalism — that is, "to manage the breakdown of the postwar bipolar order and prevent the deadly fallout of a capitalist conflict from derailing the transition to a new multipolar world."

Mr. Islam is most alarmed over worsening frictions among the United States, Japan and Europe.

The capitalist country that stands to lose the most from this transition, he said, is the United States — still the world's only economic and military superpower.

How America deals with its domestic weaknesses in the 1990s will determine not only its own position in the world order of the next century, but, more critically, how costly and destabilizing the capitalist Cold War turns out to be.

The United Nations' five-volume catalog was edited by a Turkish scholar, Uner Kirdar.

Thorn to Buy Virgin for £510 Million

By Erik Ipsen
LONDON — Calling the transaction "the best of both worlds," Richard Branson announced Friday that he was selling his Virgin Music Group to Thorn EMI for £510 million.

expected in that capacity to continue wooing and winning Virgin's stable of artists. For a company with 1991 pretax profit of only £13 million on sales of £330 million, Virgin Music's price tag might seem a bit steep.

British companies combined would become one of the world's top three music companies, along with Warner Brothers of the United States and Polygram of the Netherlands.

Milken Deal: Judge Allows More Time

NEW YORK — A federal judge Friday gave lawyers time to renegotiate a settlement of lawsuits against the jailed financier Michael Milken that was derailed when regulators rejected a \$1.3 billion deal.

FRANKFURT — Otmar Issing, the Bundesbank's chief economist, warned Friday that the future European central bank should not settle for anything less than zero inflation as a goal.

Mr. Issing's comments reflect the Bundesbank's hard-line strategy to champion a strict anti-inflation regime for any future European central bank even though Germany's own inflation rate, stoked by the strains of reunification, has surpassed rates in the United States and several European Community states, including France.

NEW YORK — A federal judge Friday gave lawyers time to renegotiate a settlement of lawsuits against the jailed financier Michael Milken that was derailed when regulators rejected a \$1.3 billion deal.

Even as he spoke at a symposium in Innsbruck, however, several German states reported sharp jumps in inflation for February, sending a chill through German markets.

The Maasricht formula will allow a country to enter the monetary union if its inflation rate is no more than 1.5 percentage points higher than an average of the three lowest-inflation states. The program calls for full economic and monetary union as early as 1997 and no later than 1999.

CURRENCY RATES

Table with columns for Cross Rates and Other Dollar Values. Includes rates for Amsterdam, Frankfurt, London, etc.

Chasing in Amsterdam, London, New York, Toronto and Zurich. Rates in other centers. a: To buy one pound; b: To buy one dollar; c: Units of 100; N.A.: not quoted; N.A.: not available.

Table with columns for Forward Rates. Includes rates for 30-day, 60-day, 90-day, etc.

INTEREST RATES

Table with columns for Eurocurrency Deposits. Includes rates for 1 month, 3 months, 6 months, 1 year.

Table with columns for Key Money Rates. Includes rates for 3-month, 6-month, 1-year.

Table with columns for Asian Dollar Deposits. Includes rates for 1 month, 3 months, 6 months, 1 year.

Table with columns for U.S. Money Market Funds. Includes rates for Merrill Lynch Ready Assets, etc.

Table with columns for GOLD. Includes rates for A.M., P.M., etc.

Business Confidence Hits a Low in Japan

By Steven Brull
TOKYO — Japanese business sentiment has sunk to its lowest level in more than four years, a widely watched government report showed Friday, underscoring the severity of an economic downturn that will likely be deeper and more drawn out than expected just a few months ago.

Michelangelo Virus Was a Global Dud

NEW YORK — Personal computer users reported only scattered outbreaks Friday of the Michelangelo virus and no widespread damage.

About 10,000 IBM PCs were hit around the world, mainly in South Africa and Asia. There were few problems in the United States and Europe.

Many computer users heeded warnings in the news media and blocked activation of the virus by either advancing their IBM personal computers' clocks a day or not switching the machines on. Others ran special anti-virus programs.

The virus was set to wipe out data on any infected computer on the 517th anniversary of the Renaissance master's birth.

South Africa was the country hardest hit, with more than 1,000 computers affected.

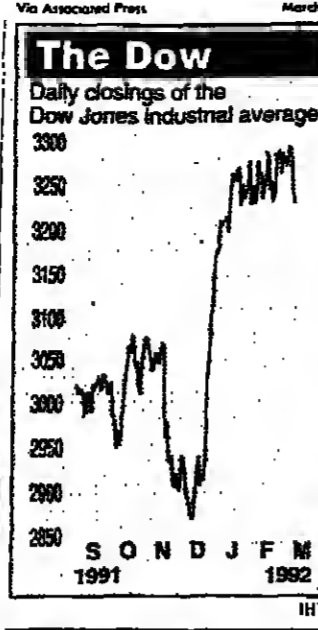
Advertisement for The Leading Hotels of the World. Features a large image of a hotel building and text: "The world's finest hotels are now even more attractive. Before you depart on your next trip, find out why The Leading Hotels are the only hotels worth checking into..."

MARKET DIARY

Swiss Intervention Weighs on Dollar

NEW YORK — The dollar ended mostly lower on Friday after a session of volatility and confusion over U.S. economic data and intervention by the Swiss central bank.

"Everybody's afraid of intervention, they were in convincingly," Tom Moore of American Express Bank said of the Swiss.



Daily closings of the Dow Jones Industrial average

Foreign Exchange

The dollar initially rallied half a penny on news of a sharp rise in U.S. oilfield payrolls in February.

The dollar closed at 1.5135 Swiss francs, down from 1.5255 on Thursday.

N.Y. Stocks

The opening of the Dow closed at 131.85 yen, up from an opening of 131.66 but unchanged from Thursday's close.

The dollar closed at 1.5135 Swiss francs, down from 1.5255 on Thursday.

Jobless: Quirks Blur the Data

(Continued from page 1) opened higher and then dropped back to the session's lows by midday.

The department said the retail trade is probably improving at a slower rate but pointed to other bright spots.

Italy May Sell ENI Stake This Year

ROME — The Italian government may sell a 10 percent to 15 percent stake in the giant state-owned energy group ENI.

Mr. Cirino Pomicino told the weekly Mondo Economico that the stake may be floated in the fourth quarter.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Frankfurt, London, Zurich, Stockholm, and Montreal.

The Dow

Table of Dow Jones averages including Industrial, Composite, and Finance.

NYSE Most Active

Table of NYSE most active stocks including IBM, AT&T, and Microsoft.

AMEX Stock Index

Table of AMEX stock index.

Dow Jones Bond Averages

Table of Dow Jones bond averages including 20 Years, 10 Years, and 5 Years.

Market Sales

Table of market sales including NYSE, AMEX, and NASDAQ.

N.Y.S.E. Odd-Lot Trading

Table of N.Y.S.E. odd-lot trading.

S&P 100 Index Options

Table of S&P 100 index options.

AMEX Most Active

Table of AMEX most active stocks.

NYSE Diary

Table of NYSE diary.

Amex Diary

Table of Amex diary.

NASDAQ Diary

Table of NASDAQ diary.

Dow Jones Averages

Table of Dow Jones averages including Industrial, Composite, and Finance.

Standard & Poor's Indices

Table of Standard & Poor's indices including Industrial, Composite, and Finance.

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Table of AMEX most active stocks.

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Table of NYSE diary.

Amex Diary

Table of Amex diary.

NASDAQ Diary

Table of NASDAQ diary.

EUROPEAN FUTURES

Table of European futures including Food, Metals, and Financial.

U.S. FUTURES

Table of U.S. futures including Grains, Livestock, and Financial.

U.S. Says Canada Dumps Lumber

WASHINGTON (Reuters) — The Commerce Department ruled Friday that Canada was dumping lumber on the U.S. market at unfairly low prices.

Xerox Unit Loses Suit to Monsanto

BASKING RIDGE, New Jersey (Bloomberg) — Xerox Corp. said its Crum & Forster Inc. unit may have to pay up to \$141.7 million in damages to Monsanto Co.

Federated to Revamp Management

CINCINNATI (UPI) — Federated Department Stores Inc. said Friday it would consolidate management of its Abraham & Strauss and Jordan Marsh department store subsidiaries.

FDA Speeds Up Approval Process

WASHINGTON (NYT) — After months of demonstrating that the Food and Drug Administration can be tougher in regulating drugs and medical devices, Commissioner David A. Kessler has unveiled a new program of rapid approval for biotechnology products.

U.S. Company Nears Railcar Contract

BOISE, Idaho (Reuters) — San Francisco has recommended awarding a railcar contract to Morrison-Knudsen Corp., beating out two Japanese competitors, company officials said Friday.

For the Record

Coca-Cola Co. said it had no comment on speculation that Berkshire Hathaway Inc.'s chairman, Warren Buffett, had sold part of his stake in the company.

BT Plans

BT Plans

E.K. Current

E.K. Current

Hedland Ups

Hedland Ups

NASDAQ

NASDAQ

Stay's Prices

Stay's Prices

American Exchange to List Small Stocks

By Stephen Labaton
New York Times Service
WASHINGTON — The Securities and Exchange Commission has given the American Stock Exchange permission to list smaller, younger and more speculative companies that now trade in the over-the-counter market. The immediate effect of the action Thursday will be to increase competition among the exchanges for smaller companies. For the American exchange, which recently began to reverse a steady erosion of its market share, the decision holds out the hope of new profits, if investors become interested in the new junior tier of stocks.

But, some experts worry, for the small investor the decision presents the risk of involvement in less stable companies, although executives at the American Exchange say they are taking steps to protect the unwary.

Richard C. Breeden, chairman of the commission, said the decision was primarily intended to provide more options for smaller companies to raise money and was part of a broader plan intended to make it cheaper for emerging businesses to issue stock.

"Small businesses cannot raise money unless there's a strong, secondary market thereafter," he said.

Picking up the White House's re-election agenda, Mr. Breeden is proposing to deregulate the marketplace by reducing and in some cases eliminating the public disclosure requirements

for small companies and also by making it easier for mutual funds to invest in them. The smaller companies now eligible to be listed on the American exchange will be exempt from many of the requirements for other listed companies, which must give shareholders the right to elect directors and pass judgment on proposed mergers and acquisitions. The other measures are expected to be formally offered for public comment by the commission next week.

The smaller companies on the Amex will be identified next week and begin trading on March 18. They will be listed under a second tier that the exchange has dubbed the "emerging company marketplace." To identify them to investors, their ticker symbol will include the suffix "ec".

Officials at the Amex said between 15 and 20 companies will be on the list, which is expected to grow to about 50 by year's end.

"It will be an incubator marketplace," said James Jones, the chairman of the American exchange.

The commissioners, who unanimously endorsed the proposal, urged the other national and regional exchanges to consider changing their rules to attract smaller companies.

Several officials at the commission raised concerns that the new market should not become a haven for penny stocks, a term that is often applied to stocks trading for less than \$5 a share.

They advised both the SEC staff and the Amex to act to protect investors against potential fraud because the stocks of new companies would be more speculative than the larger, more established ones.

"I'm concerned about investor confusion, and I'm concerned about investors becoming disenfranchised," said Mary L. Schapiro, a commissioner. "Investors should understand that these companies are subject to much lower standards than companies traditionally associated with the American Exchange."

In particular, the smaller companies will not be required to have outside directors or audit committees, and shareholders need not have a say in them through proxy votes and annual meetings.

Amex officials insisted that investors could have confidence in the new market.

"From the very beginning, we have been emphatic that we want a quality marketplace and not a trash heap for companies on the way down," Mr. Jones said.

He said the exchange wanted to establish a market for companies on the way up, and that to have quality control, the exchange had appointed a screening panel of industry experts.

The newly listed Amex companies must have assets of at least \$2 million if they come from the over-the-counter market, or \$4 million otherwise. They will be required to have a market value of at least \$2.5 million.

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| 12 Month | High | Low | Stock | Div | Yield | PE | High | Low | 1 P.A. Qtr |
|----------|--------|--------|-------|-----|-------|-----|--------|--------|------------|
| 374 | 22 1/2 | 21 3/4 | AAI | | | 101 | 22 1/2 | 21 3/4 | |
| 375 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 376 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 377 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 378 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 379 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 380 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 381 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 382 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 383 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|-----|--------|--------|-----|--|--|-----|--------|--------|--|
| 384 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 385 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 386 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 387 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 388 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 389 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 390 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 391 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 392 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 393 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|-----|--------|--------|-----|--|--|-----|--------|--------|--|
| 394 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 395 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 396 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 397 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 398 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 399 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 400 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

| 12 Month | High | Low | Stock | Div | Yld | PE | High | Low | 1 P.A. Qtr |
|----------|--------|--------|-------|-----|-----|-----|--------|--------|------------|
| 14 | 22 1/2 | 21 3/4 | AAI | | | 101 | 22 1/2 | 21 3/4 | |
| 15 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 16 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 17 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 18 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 19 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 20 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 21 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 22 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 23 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 24 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 25 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 26 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 27 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 28 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 29 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 30 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 31 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 32 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 33 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 34 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 35 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 36 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 37 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 38 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 39 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 40 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 41 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 42 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 43 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 44 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 45 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 46 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 47 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 48 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 49 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 50 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 51 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 52 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 53 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 54 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 55 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 56 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 57 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 58 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 59 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 60 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

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12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 61 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 62 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 63 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 64 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 65 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 66 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 67 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 68 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 69 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 70 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 71 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 72 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 73 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 74 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 75 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 76 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 77 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 78 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 79 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 80 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

12 Month High Low Stock Div Yld PE High Low 1 P.A. Qtr

| | | | | | | | | | |
|----|--------|--------|-----|--|--|-----|--------|--------|--|
| 81 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 82 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 83 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 84 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 85 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 86 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 87 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 88 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 89 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |
| 90 | 22 3/4 | 21 1/2 | AAI | | | 101 | 22 3/4 | 21 1/2 | |

Record B Planned I

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URVEY: Japan in Japan

Herald

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Record Bond Issue Planned by China

Compiled by Our Staff From Dispatches
BEIJING — China will issue a record 30 billion yuan (\$5.5 billion) of Treasury bonds this year to tap the enormous volume of private savings in the country, the China Daily reported Friday.

Zhang Jialun, deputy director of the state debt-management department, was quoted in the official English-language newspaper as saying the issue would start next month. The total is three times the amount raised in 1991.

The funds will be used to pay maturing debts and the government deficit, the official was quoted as saying. The Chinese government is eager to raise money because it is due to repay a record 36.4 billion yuan this year, some 30 billion yuan of which matures in August.

This is the last year of the state's three-year debt-service peak, the newspaper said. Next year, only 10 billion yuan of Treasury bonds will mature.

Time Runs Out for Bond

Agency France-Press
SYDNEY — Alan Bond, the formerly high-flying entrepreneur, ran out of time Friday in his fight against bankruptcy when he failed to meet the deadline for repayment of \$194 million.

A Federal Court judge, Trevor Morling, refused to extend the 5 P.M. deadline and Mr. Bond was deemed to be committing an act of bankruptcy because of nonpayment of the debt.

A banking syndicate headed by Hongkong & Shanghai Banking Corp. is to file a petition to the court on Monday as the final step in formal bankruptcy proceedings against Mr. Bond.

Mr. Bond's lawyers will appeal to the full bench of the Federal Court against Mr. Morling's judgment, which upheld a bankruptcy notice. The Perth businessman had applied for the order to be set aside on the grounds that it was calculated on an incorrect exchange rate.

Mr. Bond was formerly the head of the powerful brewing, mining and property conglomerate Bond Corp. Holdings. The company collapsed in December 1990 with debts of 1.2 billion Australian dollars (\$900 million).

SURVEY: Minolta Sees Loss After Settlement

Gloom in Japan
 (Continued from first finance page)
 is so sluggish that a slight monetary easing will likely have little effect.

"After the cut, the bank will wait for the fiscal side," Mr. Koo said. "If it's still going nowhere and the economy is weakening, we could see more pressure for additional cuts."

But economists caution that the central bank, still worried about reigning the speculative bubble and "hoping" that the yen will strengthen against the dollar and relieve inflationary pressures, will probably hang tough in resisting further cuts. "If the bank cuts further and politicians push through expansionary programs, it could be like the overkill of 1986-87," said Robert Alan Feldman, an economist at Salomon Brothers Asia, referring to the start of Japan's asset-inflation bubble.

Thus, the tankan should give strong ammunition to politicians hoping to channel trillions of additional yen into the economy to stimulate growth in the fiscal year that begins April 1. The ruling Liberal Democratic Party on Thursday called for the rapid disbursement of the 72.2 trillion yen (\$548 billion) 1992 national budget, which is expected to be enacted in mid-March after being delayed as opposition parties took advantage of a series of political scandals.

Economists expect a supplementary budget that could call for spending totaling a further 2.5 trillion yen to 3.0 trillion yen. But even this may not be enough. So the Ministry of Finance has begun planning for the possibility of dipping into post-1991 savings and other government funds to finance another stimulus package that, unlike the budget, could be enacted by fiat by the ruling party.

"The ministry is preparing for the worst scenario — that the economy will fall into full recession," one economist said. "They're willing to do a lot more if the need arises."

Not all economists, however, think the economy is in such bad shape. Although the tankan shows that companies expect capital spending to decline 3.2 percent in the next fiscal year, the amount of spending remains large. "As a percentage of gross national product, it's still greater than 20 percent, versus about 10 percent in the U.S."

And despite a series of bleak economic indicators showing an increase in corporate bankruptcies and falling industrial output and household spending, the Japanese economy will likely grow about 2 percent in fiscal 1992. That is far below the government's 3.5 percent target, but a far cry from the sluggish growth seen in the U.S. and

In U.S., Fear of Japan Dumping Chips

By Andrew Pollack
New York Times Service
SAN FRANCISCO — American semiconductor executives are beginning to express concern that their Japanese competitors might be selling computer chips below production cost, a practice that would violate the semiconductor trade agreement between the nations.

The reappearance of such charges, which will lack substantial proof and are denied by Japanese executives, could further stir up tensions over trade in electronics.

The Semiconductor Industry Association, an American lobbying group, which meets in Washington next week for a regular board meeting, will also hold talks with government officials. Both access to the Japanese market and chip pricing are expected to be topics of discussion, said William P. Weber, executive vice president in charge of semiconductors for Texas Instruments Inc.

American semiconductor executives are already growing increasingly angry that their companies have not seen much increased market share in Japan, one of the key provisions of the trade agreement.

If the Japanese are also selling below manufacturing cost outside their own country, a practice known as dumping, they would be in danger of violating both important parts of the agreement.

"If they violate one, there will be serious consequences," said Joseph Parkinson, chairman and chief executive of Micron Technology, a memory chip maker in Boise, Idaho. "If they violate both, all hell is going to break loose."

Bob Brown, senior vice president and group executive for Toshiba America Electronic Components, a subsidiary of one of Japan's largest chip makers, called the dumping charges a joke.

"Our customers tell us that U.S., Korean and European suppliers are quoting more aggressive prices than we are," he said. "I also believe the Japanese companies have taken the semiconductor agreement seriously and will abide by it."

An executive with a non-Japanese memory chip manufacturer, who asked not to be identified, agreed that the Japanese tended to have higher prices than others in dynamic

random access memories, or D-RAMs. "They lost market share because they have maintained prices," he said.

Japanese companies were accused of dumping in the mid-1980s, when both American and Japanese companies suffered huge losses in the memory chip business. At that time, American companies dropped out of the business of producing D-RAMs, the main type of chip used to store information in computers.

The semiconductor agreement, first signed in 1986, set up a system of floor prices on Japanese chips to prevent dumping and also called for American and other non-Japanese

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chip companies to gain at least 20 percent of the Japanese semiconductor market.

Most executives say that since then, dumping has not been an issue. When the agreement was renewed last year, the floor prices were abolished. The new agreement provides a means for the U.S. government to investigate dumping charges quickly if an American company files a complaint. So far, no complaints have been filed.

Most American executives say their main concern now is with access to Japan's market. As of the third quarter of 1991, the latest period for which figures are available, American and other non-Japanese semiconductor companies held 14.3 percent of Japan's chip market, and the figure has not been increasing rapidly.

That makes it a certainty that the target of a 20 percent share will not be met by the deadline of the end of the year. American semiconductor executives are beginning to discuss ways of increasing the pressure on

Japan, such as by pushing the United States government to impose sanctions on Japanese companies.

Japanese companies have said in general that an economic downturn in Japan has made it harder for them to take on new, foreign suppliers.

If dumping becomes an issue again after several years in the background it would further increase the pressure for strong retaliation against Japanese companies.

Fears of dumping are being spurred in part because prices seem to be suddenly dropping rapidly.

Many Japanese companies invested heavily a few years ago in huge factories to produce chips, particularly D-RAMs. Now, however, there is an oversupply and, it is believed, some companies are losing money on those chips.

"If they're losing money in D-RAMs, they're dumping, and that's illegal," said Mr. Parkinson of Micron, who is also this year's chairman of the Semiconductor Industry Association.

Andrew Proccasin, president of the Semiconductor Industry Association, said that in the last two weeks he has received calls from several chief executives of member companies concerned that dumping might be taking place.

He said some of the comments related to chips other than D-RAMs, although he would not say which chips or which companies he had heard from.

Mr. Weber of Texas Instruments said, "I do not today have evidence of dumping." However, he added, "We have concerns about the supply-demand imbalance in Japan. We are seeing over the last several months very sharp price declines."

Executives of some companies that make products other than D-RAMs, like Advanced Micro Devices and LSI Logic, said they were not aware of dumping in their product areas.

There is some belief that warnings about dumping are merely an attempt to scare Japanese companies into keeping prices high, which also makes it easier for American companies to compete.

Mr. Parkinson, whose company is one of the few American ones left in the D-RAM business, concedes that to some extent he is trying to send a message to the Japanese.

Investor's Asia

| Hong Kong Hang Seng | Singapore Straits Times | Tokyo Nikkei 225 |
|---------------------|-------------------------|------------------|
| 1580 | 1600 | 2330 |
| 492 | 1530 | 2500 |
| 490 | 1400 | 2200 |
| 4150 | | |
| 1991 | 1991 | 1991 |
| 1992 | 1992 | 1992 |

| Exchange Index | Friday Close | Prev. Close | % Change |
|-------------------------|--------------|-------------|----------|
| Hong Kong Hang Seng | 4,908.90 | 4,964.29 | -1.12 |
| Singapore Straits Times | 1,445.75 | 1,456.84 | -0.76 |
| Sydney All Ordinaries | 1,604.70 | 1,608.30 | -0.22 |
| Tokyo Nikkei 225 | 20,992.99 | 20,864.42 | +0.62 |
| Kuala Lumpur Composite | 590.94 | 593.93 | -0.50 |
| Bangkok SET | 807.65 | 800.85 | +0.85 |
| Seoul Composite Stock | 626.09 | 619.23 | +1.11 |
| Taipei Weighted Price | 4,988.08 | 5,033.53 | -0.90 |
| Manila Composite | 1,118.81 | 1,157.61 | -3.35 |
| Jakarta Stock Index | 283.21 | 282.21 | +0.35 |
| New Zealand NZSE-40 | 1,460.48 | 1,465.18 | -0.32 |
| Bombay National Index | Closed | 1,549.88 | - |

Very briefly:

- Singapore Manufacturers Association said Singapore businesses would discuss a Vietnamese offer to let Singapore companies set up plants in an exclusive export-processing zone.
- Fuji Bank Ltd. lowered its parent earnings forecast for the year ending March 31 because it will set aside reserves of about 100 billion yen (\$763 million) against bad domestic loans.
- Kao Corp. of Japan said it would raise capital spending in the year to March 1993 by at least 10 percent to a minimum of 80 billion yen from 73 billion in the year to March 1992.
- Lion Corp. said it would spend as much as 10 billion yen on research and development in calendar 1992, up from 9.0 billion the previous year.
- Taiwan will impose an export restriction on computer software to prevent local enterprises from shipping out counterfeits, the Board of Foreign Trade said.
- A railway line linking China and Vietnam is to reopen soon for the first time since the two neighbors went to war 13 years ago, the Chinese government said, without setting a date.
- Honda Motor Co. said its U.S. subsidiary had started exporting cars made in its Ohio plant to Australia as part of a plan to expand exports to another seven countries this year.
- Taiwan had accumulated a record \$82.8 billion in foreign exchange reserves at the end of January, the highest in the world, Central Bank of Chinese officials said Friday.
- Siemens AG, the German electronics group, said it received a follow-up order from Thailand to install 350,000 hookups for Siemens' EWSD digital telephone switching system in the next 18 months.

COMPANY RESULTS

| Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated. | Sun Life | United States |
|---|----------|---------------|
| Year | 1991 | 1990 |
| Revenue | \$1.00 | \$1.00 |
| Profit | \$1.00 | \$1.00 |
| Per Share | | |

| Canada | Britain | Germany | Japan | Switzerland |
|-----------|---------|---------|--------|-------------|
| Year | 1991 | 1990 | 1991 | 1990 |
| Revenue | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| Profit | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| Per Share | | | | |

Japan Doubles Fees On Futures Trading

Bloomberg Business News
TOKYO — Japan's three largest exchanges will double commissions on futures and options trading as well as the fees that brokers pay for trades made on their own accounts, exchange officials said on Friday.

The changes, which were announced at a news conference held at the Tokyo Stock Exchange, also lift informal bans preventing brokers from trading stocks on their own accounts in the last 15 minutes of trading and from accounting for more than 30 percent of the trades on a single stock in a month.

The new rules are intended to correct what exchange officials consider to be an imbalance between equity and derivative markets. They will take effect March 23 on the Tokyo, Osaka and Nagoya exchanges.

Commissions will be doubled for all futures and options trades on Japanese stock indexes and averages on the three exchanges. The most actively traded of these contracts are the futures and options on the Nikkei 225 average, which trade on the Osaka Exchange.

The Osaka Exchange has five fixed-commission rates, depending on the size of the trade. The rates for Nikkei futures trades worth less than 100 million yen (\$760,000), will rise to 0.08 percent. For the largest trades, those worth more than 1 billion yen, commissions will rise to 0.01 percent plus a flat fee of 280,000 yen.

Commission on the smallest category of Nikkei options trades, those worth less than 100 million yen, will rise to 4 percent. For the largest trades, worth more than 1 billion yen, commissions will rise to 0.6 percent of the trade plus 335,000 yen.

The three exchanges said they would no longer push brokerages to abide by an informal ban on trading on their own accounts in the final 15 minutes of the trading day. The informal ban was intended to prevent brokerages from manipulating prices.

Survey: Minolta Sees Loss After Settlement

Reuters
TOKYO — Minolta Camera Co. said Friday that its multimillion dollar settlement with Honeywell Inc. and worse-than-expected sales will push it into the red again in the year ending March 31.

The pretax loss forecast came as no surprise to analysts, who said the troubled company would have a tough time pulling out of its slump despite efforts to diversify away from the stagnant camera market.

"They may pull through, but they may have to get closer to some other firm to get their hands on a new product quickly," said Boris Peterski, analyst at Barclays de Zoete Wedd Securities (Japan).

Minolta said it expected to post a loss of 15 billion yen (\$114 million) in 1991-92 on a current basis, the second closely followed pretax profit measure, compared with a loss of 2.21 billion yen the previous year. In November, the company had forecast it would break even.

On Wednesday Honeywell said it had settled a patent infringement suit against Minolta for \$127.5 million. Minolta had accused Minolta of infringing on its patent on technology for an automatic focusing system for cameras.

Honeywell also said it was pursuing similar suits against six more of the world's largest camera makers including Canon Inc., Nikon Corp., Olympus Optical Co., Ricoh Co., and Asahi Optical Co., and Eastman Kodak Co. of the United States.

Canon, which said last month it would report a profit to rise to 55 billion yen in calendar 1992, from 52.16 billion in 1991, is likely to take a tough stance against Honeywell, analysts said.

"Canon, as a strong company, will play much harder ball with Honeywell," Mr. Peterski said. "They are one of the bigger patent holders in the United States," he said, so "eventually Honeywell will have to ask Canon for some patents too."

Analysts said Minolta was the most exposed of the Japanese companies because of its heavy reliance on the camera market, which has slumped as consumers opt for small video cameras made by big consumer electronics companies.

"It is very difficult for the camera industry to recover profits," said Etsuro Ogasu, analyst at UBS Phillips & Drew International. "It's a mature product and there are very few technological advances possible."

Minolta's efforts to diversify further out of the camera business are likely to run into stiff competition from those already in those markets, analysts said.

Minolta relies on cameras for 44 percent of its revenues, while Canon has a major profit generator in its laser-beam printers.

Nikon, meanwhile, has branched out into semiconductor manufacturing equipment, although that market is suffering with the microchip market downturn.

Tokyo Auto Parts Maker Grows Beyond its 'Keiretsu' Ties

Bloomberg Business News
TOKYO — Tachi-S Co. began a tiny Tokyo workshop bending metal rods into car seat springs. A half century and billions of dollars later, the company makes the stylish seats for today's Nissans, Mitsubishis, Mazdas and Toyotas.

It's a rags-to-riches story, Japanese-style, but with an unusual twist. The company is one of a growing group of manufacturers that are succeeding with an independent business style that is challenging Japan's controversial keiretsu system, the most frequently cited cause of Japan's chronic trade frictions with the world.

A popular notion among American auto industry executives and politicians is that Japanese manufacturers have blocked access to their country's market through the use of keiretsu — giant industrial cartels that through close management ties and cross-shareholdings are said to control every link in the business chain.

For decades, Tachi-S has been part of Nissan Motor Co.'s keiretsu. Twenty percent of its stock is owned by Nissan, and its president is a former Nissan man. And yet, like growing numbers of small auto parts manufacturers in Japan, Tachi-S has struck out on its own to a degree that U.S. auto executives might find surprising.

"We are slowly but surely seeing

the keiretsu coming to an end," said John Casey, an analyst with W.I. Carr Overseas Ltd. in Tokyo. "The changes show foster ease of market entry for new Japanese parts makers and, more importantly, foreign makers."

By aggressively pursuing the business of four out of the five largest auto manufacturers in Japan, Tachi-S has carved out a solid niche in the auto parts trade and become Japan's second-largest auto seat maker.

Tachi-S began in the Tokyo suburb of Tachikawa in 1943, bending thin metal rods into automotive springs for the military. After the war, it began stamping out springs for the civilian auto industry.

It was the company's alliance with Nissan that assured its success in the early postwar years. In 1948, Tachi-S started supplying seats to Prince Motors, a carmaker that was closely allied to, and was eventually bought by, Nissan. For about 12 years, Prince Motors and Nissan accounted for 100 percent of Tachi-S sales.

From the beginning, though, Tachi-S executives knew that to thrive in the long run they would have to develop business ties beyond Nissan. One by one they brought on new customers, and by the mid-1960s the company was providing seats not only to Nissan and Prince but to Toyota-group truck maker Hino Motors Ltd., Mitsubishi Motors, Nissan Diesel Motor Co. and Isuzu Motors Ltd. It later began supplying to Honda Motor Co. and, finally, Toyota Motor Corp.

"The fact that we were making seats for both Nissan and Hino didn't make us seem too trustworthy," said Takeshi Shimizu, executive director of Tachi-S. "I'm sure that Nissan was thinking that we should devote ourselves solely to making seats for them. But that would have made us nothing but a subcontractor. We wanted to supply to all companies."

"They were taking an enormous risk," said Koji Endo, senior analyst for S.G. Warburg in Japan. "By starting shipments to Mitsubishi they might have completely lost all shipments to Nissan."

Part of the reason Tachi-S has been able to play both sides of the fence is that, as a purveyor of car seats only, it has built up a level of expertise that makes its products appealing and attractively priced to many automakers.

Even more than that, however, changing economic conditions in Japan and the world in the 1980s have brought pressure on the keiretsu structure.

A turning point came 1985, when Toyota agreed to strengthen the yen

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Notice is hereby given to the shareholders that the **ANNUAL GENERAL MEETING** of shareholders of AUSTRALIA FUND will be held at the company's registered office, 2, boulevard Royal, L-2953 Luxembourg, on March 16, 1992 at 11:00 a.m. with the following agenda:

- Submission of the Report of the Board of Directors and of the Auditor.
- Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as at December 31, 1991.
- Allocation of the net results.
- Discharge of the Directors.
- Statutory Appointments.
- Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the Meeting with no restrictions.

In order to attend the annual general meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with Banque Internationale à Luxembourg, 2, Boulevard Royal, L-2953 Luxembourg.

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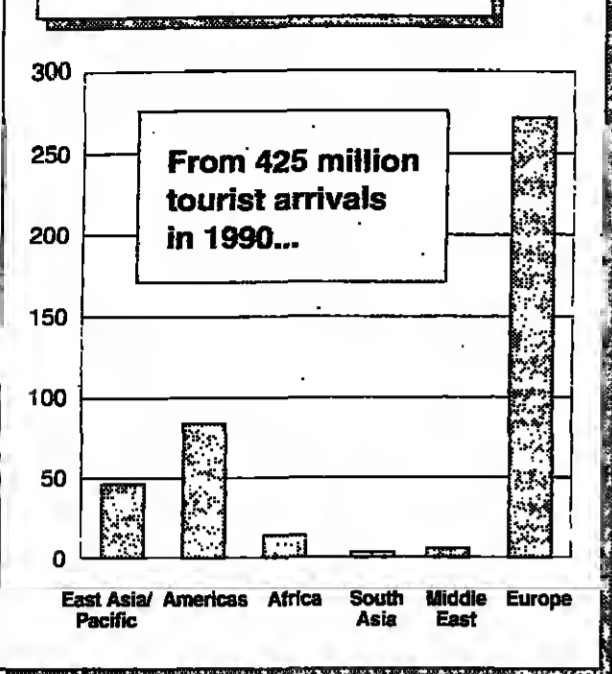
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ADVERTISING SECTION

'We are weathering the economic and geopolitical storm. Our product is excellent,' says Geoffrey Lipman, president of the World Travel and Tourism Council.

TAKING THE LONG VIEW



WHEN the 30,000 members of the travel industry gather in Berlin from March 7 to 12 for the International Tourist Exchange, they will hear experts claim that the bad times brought on by the Gulf War and world recession are now in the past. Business is already better when compared with the same period in 1990, rather than with the 'freak' year of 1991, experts will say, and the industry has become too obsessed with the recession. As Jonathan Bodlender, chairman of Horwath, the London-based hotel consultants, says, 'Conservative estimates show that there will be a 50-percent increase in the number of people traveling by the end of the century. The forecasts of passenger traffic by air within Europe show a much higher rate of increase.'

Figures of the World Travel and Tourism Council indicate that tourism annually contributes an average of 5.5 percent of global gross national product (or \$3 trillion), one job in 15 and 7.5 percent of global capital investment. Tourism remains the world's biggest industry, with more added value than automobiles in Japan; agriculture, steel and textiles in Germany; or electronics, steel and textiles in Britain. Focusing on the short term, Barry Tyrell, marketing director of American Express in London, says: 'We are returning to normal — not a sudden resurgence, but a steady recovery.'

Kuoni, the Swiss-based travel agency, has noticed this new trend and has an extended program for British and European cities, particularly those with museums. Club Med has a program for Europe's museum cities, including Edinburgh. The French, who claimed 52 million visitors last year (and a \$10-billion tourism surplus) are selling their big art shows as never before — Ernst, Rouault, Giacometti and Toulouse-Lautrec have followed in quick succession this year in Paris. EuroDisney opens east of Paris in April and hopes to attract 11 million visitors the first year. The United States had an estimated 42 million tourists in 1991 and expects California, New York, Florida and Hawaii to lead the way in 1992. Florida is ever more popular with Europeans, and Thomson, the British travel company, says its appeal grows each year. Tourism in the United States now generates well over \$300 billion in sales, is responsible for around 6 percent of GNP and provides almost six million jobs. The get-together in the German capital, attracting 3,500 exhibitors from 150 countries, will provide tourist professionals occasion to attend 300 mini-congresses, seminars and workshops on such topics as electronics, reservation systems, advertising, youth travel and the future of travel agencies, plus studies of specific markets such as Japan.

Atlantic fares and those in Europe has led to complaints to the EC Commission from smaller airlines. British Midland's Sir Michael Bishop considers business-class fares in Europe to be 30 percent too high. For example, London-Nice club class is more expensive than a curate fare to the U.S. East Coast. More frequent-flyer schemes are being introduced in Europe, however. Airline cooperation, often the first step to a merger, means easier connections and through flights. British Airways and KLM (and Northwest) have such agreements, as do Air France and Sabena. Discounts resulting from crises created by the Gulf War and world recession have continued into 1992, but Richard Hannah, airline analyst at UBS Phillips & Drew in London, does not believe there will be further price slashing. Spring will be the deadline for many special offers. Airlines are improving their total sales but are still losing heavily. Even a still global player, such as United, reported its biggest-ever quarterly loss at the end of 1991, with American and Delta not far behind. Cost cutting, layoffs and reduction of capacity are policy everywhere, with only British Airways turning a profit. In the main, losses are being reduced, and traffic edged up 3 percent in December 1991, according to the International Air Transport Association, although traffic was down 4 percent over the whole year. The 23 members of the Brussels-based Association of European Airlines reported that international traffic rose 3.6 percent toward the end of last year, but traffic in Europe slipped a point. Karl-Heinz Neumeister, the association's secretary general, described 1991 as a 'nose-dive' and said it would take a few months more to 'regain altitude.'

HOTEL EXPANSION

Hotels have taken big knocks in the United States, but elsewhere in the world hundreds of new inns are under construction, many of them business hotels with bedroom-office environments or establishments for the budget-conscious traveler. Despite the drop in travel in 1991, some groups are spending big money. The Abu Dhabi Investment Authority has sunk \$100 million (\$180 million) into the 95-room Lanesborough at London's Hyde Park Corner. The hotel mixes butler service on every floor with rooms that have faxes, brief-case-sized safes and a Japanese television channel. Rosewood Hotels of Dallas has been called in to manage the hotel. Hilton International has earmarked most of its \$464 million (\$835 million) new share issue for 38 new hotels to be added to its 150 worldwide. The hotel being built at Charles de Gaulle airport in Paris will be high-tech and business-oriented, as will Berlin Mitte's Dom and a second hotel in Mainz. Even the new Bali and Cannes hotels are for top salesmen rather than bedonists. The Hilton Club data bank stocks guests' favorite business reading, as well as their preferred night-caps. Hyatt is adding 14 hotels to its existing 157, with its Charles de Gaulle airport hotel described as a future 'office away from home.' Chains have been refurbishing during the recession. 'Keeping hotels up to standard is imperative in good times or bad,' says a Hyatt spokesman in Chicago.

The U.S. hotel industry, needing 65-percent occupancy to break even, registered just 61 percent in 1991 and so had its 10th bad year in a row. Bjorn Hanson, a partner at Coopers & Lybrand in New York, estimates that losses soared to \$1,700 per room in 1991, for an overall loss of \$3.5 billion. Banks took over many hotels. December 1991, however, saw an uptick that will lead to close to 63-percent occupancy this year and a point or so higher in 1993, according to Mr. Hanson. Hilton, Sheraton and Four Seasons have been offering cash rebates, free airline tickets, frequent-flyer mileage credits and new services like Hilton International's 'Wa No Kuisurogi' (comfort and service the Japanese way). Not surprisingly, budget hotels had better occupancy rates. Yet hope springs eternal at the top end of the industry. Hotels magazine counted 376 sizable properties being built around the world, notably in Bangkok, Barcelona and Beijing, but also in Hamburg, Helsinki, Ho Chi Minh City, Istanbul and Jakarta. Sberston spent a whopping \$100 million on restoring its St. Regis flagship in New York.

The Japanese traveled less during troubled 1991, but their return has encouraged hotel groups such as Nikko, a subsidiary of Japan Air Lines, to continue overseas expansion. Only nine of Nikko's 42 hotels are in Japan itself, and the group's drive in the United States, where it has properties in Atlanta, Chicago and San Francisco, includes a new hotel in Los Angeles and a renovated Essex House near New York's Central Park. In Tokyo, hotels are improving their services for business travelers. The Okura, ideally situated in the heart of Tokyo, has an executive service salon, a 24-hour business communications center. The Takakawa Prince services include complimentary bus tickets to the Tokyo airport.

BOOM IN SPAS

French resorts have found a chic way to fill rooms by linking hotels and fashionable seawater cure centers, or *instituts de thalassotherapie*. Some 45 centers now operate along the three French coastlines, the Channel, the Atlantic and the Mediterranean. Their number has doubled in the past couple of years, and the number of *curistes*, those taking the waters, has been rising by nearly 40 percent a year. The centers break with traditional French and European spas by catering to a younger clientele — about 150,000 fort-conscious French men and women in the 20-to-40 age group each year. This middle-class, professional clientele from the cities is seeking relaxation, well-being and improved looks.

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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Alan Tiller, author of 'Guide to Business Travel Europe,' 'Guide to Business Travel Eastern Europe,' 'Doing Business in Today's Europe' and the forthcoming 'Eyewitness Guide to Paris.'

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ADVERTISING SECTION. Cruising Success. Another maritime gem: Japanese tourists to the Okura. The Okura, ideally situated in the heart of Tokyo, has an executive service salon, a 24-hour business communications center. The Takakawa Prince services include complimentary bus tickets to the Tokyo airport. The U.S. hotel industry, needing 65-percent occupancy to break even, registered just 61 percent in 1991 and so had its 10th bad year in a row. Bjorn Hanson, a partner at Coopers & Lybrand in New York, estimates that losses soared to \$1,700 per room in 1991, for an overall loss of \$3.5 billion. Banks took over many hotels. December 1991, however, saw an uptick that will lead to close to 63-percent occupancy this year and a point or so higher in 1993, according to Mr. Hanson. Hilton, Sheraton and Four Seasons have been offering cash rebates, free airline tickets, frequent-flyer mileage credits and new services like Hilton International's 'Wa No Kuisurogi' (comfort and service the Japanese way). Not surprisingly, budget hotels had better occupancy rates. Yet hope springs eternal at the top end of the industry. Hotels magazine counted 376 sizable properties being built around the world, notably in Bangkok, Barcelona and Beijing, but also in Hamburg, Helsinki, Ho Chi Minh City, Istanbul and Jakarta. Sberston spent a whopping \$100 million on restoring its St. Regis flagship in New York.

TRY
e travel



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Hilton, Sheraton and Four Seasons have been offering cash rebates, free airline tickets, frequent-flyer mileage credits and non-services like Hilton International's "No No Kutsuro" (no-no) service.

Not surprisingly, budget hotels had better occupancy rates. Yet hope springs eternal at the top end of the industry. Hotels magazine reported 78 percent occupancy for the top 10 hotels in the world last year.

The Japanese market is expected to rise 19 percent in 1991, but a return to a more stable market is expected.



as much as treatment for such conditions as rheumatism or convalescence following operations or accidents.

Based on the principle that heated seawater can permeate the body, healing it (and the spirit) of the ravages of stress, the centers offer what is called "thalasso plaisir."

Top-of-the-range Biarritz charges upwards of \$300 a day, but the price includes the cure, the room, demi-pension and golf.

Hotel groups, such as Accor, have entered the market. Accor runs Quiberon, Sables d'Olonne, Carnac and Oleron by the Atlantic, Dinard and Le Touquet along the Channel and Portofino in the Mediterranean.

CRUISING SUCCESS

In another maritime sphere, Japanese tourists led Club Mediterranée to commission a second sail-and-motor cruise ship, Club Med 2, which will be launched in Le Havre in September and be based in Guam.

The Club Med chief executive, Serge Trigano, says the world cruise market was set to "explode" during the 1990s, particularly in the Pacific. To-

day's demand is for sleek, high-tech cruise boats with rear platforms for water sports. Prior to Club Med's yacht-liners, the company depended on Windstar and three smaller, more luxurious boats.

But big is still beautiful for many passengers. The inimitable Queen Elizabeth II provides a trans-Atlantic service and around-the-world cruises of 100 days, costing up to \$126,900 for double occupancy.

Aided by discounts, cruise boats in general reported 90 percent occupancy in 1991. An estimated four million passengers spent \$5 billion, and the industry says the passenger total could triple to around 15 million a year by the end of the decade.

The American share could rise from 3.2 million to 10 million. Americans fill the 2,600-passenger boats-cum-floating-towns that ply the Caribbean.

Mediterranean cruise lines, notably Paquet, offer theme cruises — classical music, gastronomy or literature. Prices are falling: the ultra-modern Italian liner Costa Classica, which sets out from Genoa to follow Columbus's route, charges \$145 to \$215 a day.

This year, the Baltic capitals and St. Petersburg are among the ports of call of Cunard's Vistafjord (\$6,400 to \$15,600 for 15 days out of Amsterdam).

But eyes are on the Pacific, where the current total of 40,000 Japanese cruise passengers is set to increase many times. Japanese builders, such as Mitsubishi, have been to French and other yards offering to buy the latest

cruise boat technology, a temporary gap in the paucity of Japanese high-tech.

TOP OF THE MARKET

Back on land, luxury hotel chains, particularly those in Europe, are broadening their range of services, notably for businessmen. Deauville on the French channel coast is a good example.

The casino has been Deauville's money pump, but business is taking over. Underground passages will link hotel, conference center and casino for the best of all worlds.

The Aga Khan's Ciga hotels are concentrating on city-center "palaces," notably the restored Maurice in Paris and the recently acquired Imperial and Bristol in Vienna.

Philippe Gazagne, director general of the Lucien Barrière hotels, thinks it pays to pile on the luxury and service — his sales are up 14 percent despite the recession.

The Aga Khan's Ciga hotels are concentrating on city-center "palaces," notably the restored Maurice in Paris and the recently acquired Imperial and Bristol in Vienna, while the Savoy group of London is extending its Best of Both Worlds, a seven-night program for American travelers that includes a stay in any of their five hotels, plus air-

port transfers in chauffeur-driven cars, discounts in London restaurants and shops and complimentary golf.

Peter Bates, the Savoy's marketing director, says he hopes the program's extension to February 1993, will speed the return to better times.

EXPANSION AREAS

Egypt, Greece and Turkey are recovering from the effects of the Gulf War on East Mediterranean tourism. The Gulf states themselves are confident enough to invest in tourism in a significant way.

Cruise boats are returning in force to Greek and Turkish ports. In Egypt, the four luxury hotels of the Indian Oberoi group report "boom business."

In the Gulf, Abu Dhabi plans a \$2.5-billion leisure complex on a 10-square-kilometer (4-square-mile) man-made island. Lulu (Pearl) Island will have one of the world's largest domes, pavilions for Islamic states, luxury hotels and golf courses linked by monorail.

Spain, after difficult years at the end of the 1980s, is looking to the Barcelona Olympics (July 25-Aug. 9) and the Seville World Fair (April 20-Oct. 12) to confirm 1991's recovery.

Barcelona has given itself a whole new beach area, ring road, improved port facilities, new hous-

ing, hotels (Hilton, Accor) and better phones. Fair preparations in Seville have jumpstarted the whole regional economy of Andalusia.

Losers in European arrivals in 1990: North Africa (-32 percent), Turkey (-35 percent), Greece (-14 percent), Yugoslavia (-65 percent) and the former Soviet Union (-25 percent).

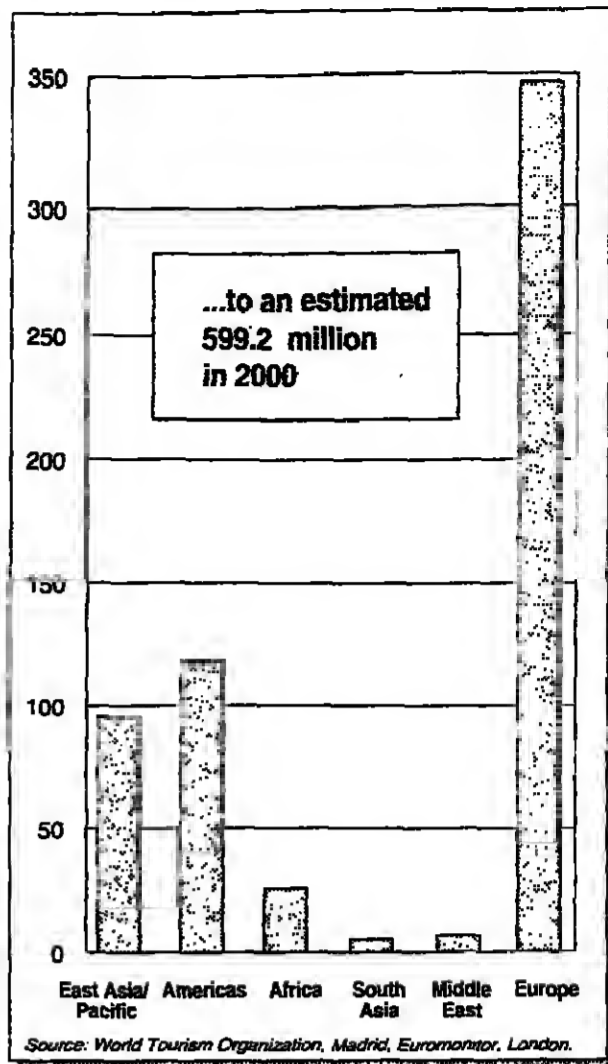
BUSINESS BRIEFS

Ten-month figures for last year showed a 3-percent decline in European

outbound trips, but a 3-percent rise in short break holidays, according to the European Travel Monitor in Munich. It says air travel was down 10 percent in the 10-month period (it improved later), but trains drew 5 percent more passengers.

Eastern Europe recorded a 7-percent increase in trips from Western Europe. Strong growth points in Europe were Denmark (+40 percent), Portugal (+8 percent), Austria (+6 percent) and Norway (+3 percent).

One-day art trips from



Source: World Tourism Organization, Madrid, Euromonitor, London.

Accor, the French hotel group, is expanding its presence in Tanzania to seven establishments (hotels, lodges for the game reserves and beach properties) with 700 rooms. One property is on Mafia Island. In the future, the French want to build a Novotel at Dar Es Salaam and a beach hotel in Zanzibar.

The European Bank for Reconstruction and Development in London reports plans for 21 hotels in Budapest, including one Danube property by Oberoi of India, 13 in Prague and 30 in Moscow. Few projects have reached the building stage in Moscow.

Paris with no overnight stay have been launched by Club Med. Called Art Liberté, the first trips are to Amsterdam (Rijksmuseum, Rembrandt's House, Van Gogh Museum and the Modern Art Museum); Berlin (the Dahlem and Pergamon museums, the Egyptian section of the Charlottenberg Chateau) and Rome (Vatican museum, Michelangelo at the San Pietro church, the Forum). The cost is around 2,000 francs (\$352). Other destinations being offered include London, Bruges, Milan, Florence, Venice, Naples and Edinburgh. Plans are being made for Antwerp, Barcelona, Budapest, Dresden, Prague, Seville, Tunis and Turin.



ITB Berlin 1992

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The world-tourism fair... Changes are taking place in the world of tourism. The ITB Berlin reflects current trends with details about popular destinations. That is why experts from the worldwide tourism industry consider the ITB Berlin indispensable for marketing.



The development of the ITB shows impressive evidence of its permanent expansion right from the start: In 1986 there were 9 exhibitors on an area of 580 m² and 250 trade visitors; by 1991 there were 3,851 exhibitors on 54,417 m² and 25,500 trade visitors. This confirms the vital importance of the ITB Berlin for international experts.



The hustle and bustle of business ends at the Takanawa Prince Hotel.

We'd like to tell you about our Welcome Plan. Under this plan, guests staying for one or two nights are provided with a complimentary bus ticket (non-refundable) on the scheduled Airport Express Bus from the airport to the Takanawa Prince Hotel and New Takanawa Prince Hotel, or a complimentary breakfast. For guests staying three or more nights, the plan offers a complimentary round-trip ticket (non-refundable) on the Airport Express Bus from New Tokyo International Airport to the hotel and return, or two complimentary breakfasts.



The Takanawa and New Takanawa Prince Hotels are linked by a traditional Japanese garden. For further information, please call: U.S.A. 800-542-6656/PAGE 1-45-79-92-3D/FRANKFURT 089-28-44-27

THE MONEY REPORT

FIRST COLUMN What Zeros Mean: More Or Less

THE world's press reports on them every day, but whether they even exist or not is a matter of debate. It would be comforting to think that we are talking about UFOs, the latest supposed set of Hitler's diaries, or maybe the long line of people claiming to be Elvis or Marilyn. Unfortunately not. What we are dealing with here is the phenomenon known as the psychological barrier.

Deciding When to Pay Mutual Fund Fees

By Judith Rehak

ALTHOUGH you would have to be an optimist to point to this week's mildly encouraging U.S. economic statistics and shout "recovery," the mutual fund industry and its investors don't seem to be in any doubt: Things are picking up.

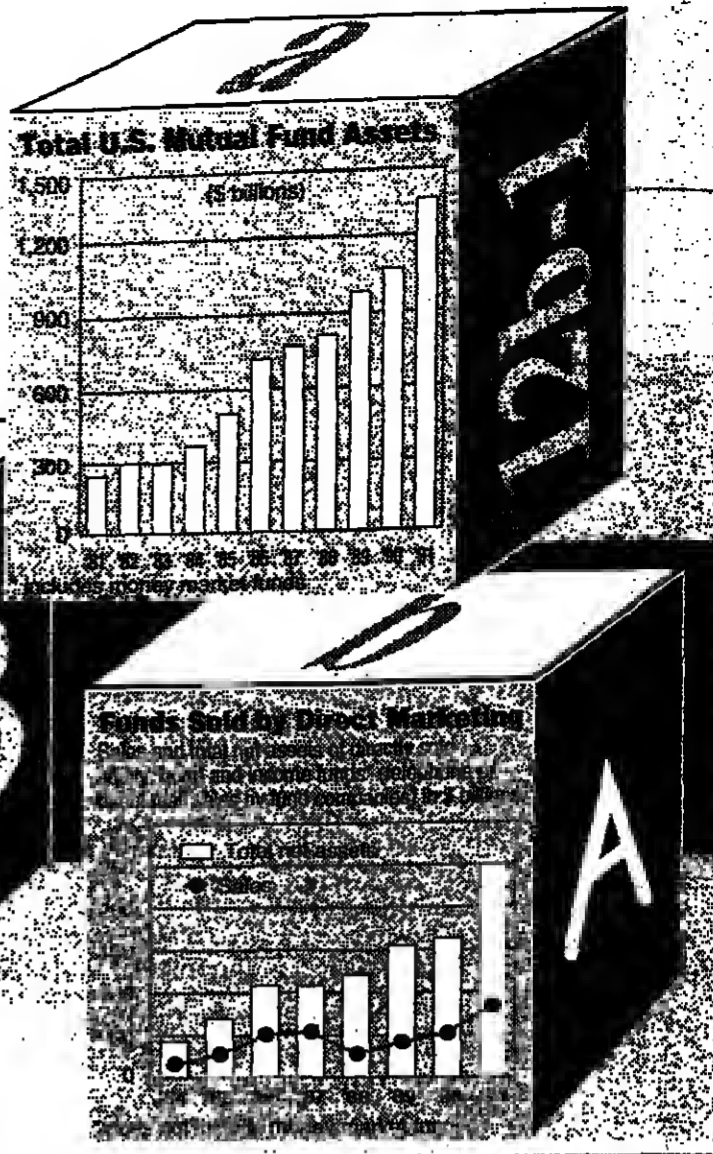
more, two of its biggest purveyors, Merrill Lynch and Alliance Asset Management, are now selling funds with the same concept in Europe.

It's just cleaner to pay up front and get those other fees out of the way. Then you don't have to worry about how they're affecting your return.

The Alphabet of Funds From A to B



Source: Investment Company Institute



Source: Investment Company Institute

funds, where a 10 percent yield could be cut by more than half. Worse, some B share funds continue to levy a 1 percent 12b-1 fee year after year, even after the back-end load has disappeared.

Nevertheless, one of the most compelling attractions of B shares is that they carry no initial sales charge. A lot of our clients are putting \$10,000 or less into a fund and they want it all in the market today," says Mr. Reens.

Your broker should be able to help you get a handle on which price structure is best for you, but Mr. Perritt says that it is imperative that investors read the prospectus carefully before buying anything to avoid costly surprises.

In Britain, Beware the Ties That Bind Investment Advisers

By Conrad de Aenle

PERHAPS the biggest single question small investors ask is just where they should invest. They often answer it with another question, namely, where can they get good, professional advice.

INTRODUCTORY TRIAL Value Line only \$95*

industry. Insurers are among the largest providers of financial services in Britain, selling unit-linked policies as savings surrogates. Like other financial advisers, insurance salesmen are supposed to recommend only what they feel is best for their customers.

People are sold all sorts of things for commission purposes that are not appropriate at all.

John Garner, a spokesman for Norwich Union, said a policy that is soon coming due returned closer to 14 percent through the 1980s, when the share and property markets performed extremely well in Britain.

Consumers Association, a British public-interest group, isn't so sure. "One of the problems is savings-type life insurance is oversold," she said.

At first glance, that seems like just another way to say 6 percent, but it's really much more, especially in a country like Britain, with perennially high inflation.

Ms. Vass said a fund can have a small initial charge, but the bid-offered spread can be much wider for reasons of liquidity.

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THE MONEY REPORT

European Vacation Homes: No Single Market Yet

By Barbara Wall

THE European development boom in the late 1980s pushed prices in the more popular tourist resorts beyond the reach of all but the wealthiest foreign buyers. They have since dropped to more realistic levels, although the downside of this is that markets remain sluggish.

and VAT (although VAT is often included in the purchase price).

For older properties stamp duty will be described above. This is usually 6 to 8 percent. Should you buy land for building, VAT increases to 13 percent.

On completion of the sale the new owner will be subject to annual taxes. These include *taxe foncière* — calculated on notional rental values — and *taxe d'habitation*.

If you are nonresident and cannot claim any exemptions, you will be liable to capital gains tax on the sale of your property. However, the system used to calculate capital gains is very generous and unless the property has increased dramatically in value the tax should not amount to much.

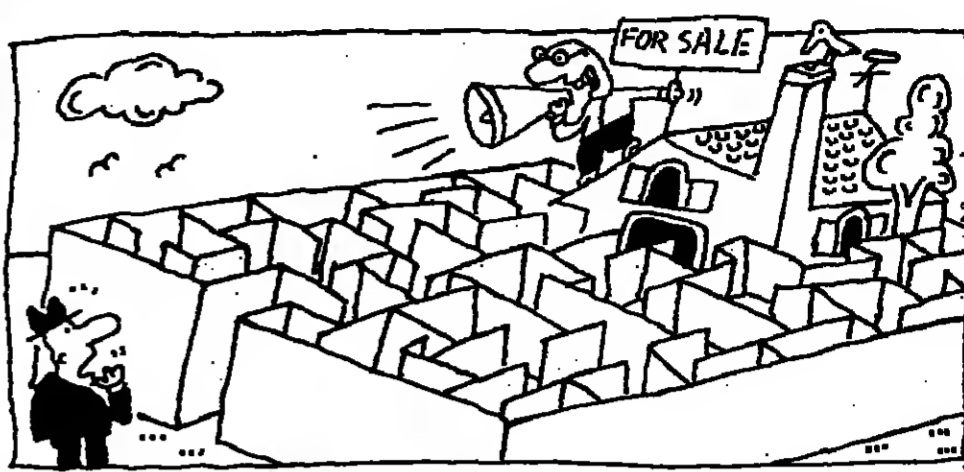
The area that tends to present the most problems to nonresidents is the French law of succession that, for example, does not permit a husband to leave all his property to his wife if they have children.

Spain is if you think the French system is complicated, buying property in Spain can pose even greater problems. Until recently, the main difficulty was realizing the assets from the sale of property.

Fortunately, since last month proceeds from the sale of a Spanish home can be transferred out of the country before capital gains tax is paid. There is still some confusion as to how capital gains tax will be levied and it is likely that a certain percentage of the sales proceeds will have to remain with the Spanish fiscal authorities to cover possible tax liability.

Nonresidents should also be aware of the different levels of tax payable on the purchase of a property. The amount depends on who you buy the property from. If the property is bought from a construction company the tax is 4 percent of the purchase price, compared with 10 percent if the property is bought from a private individual.

On the sale of your property you will be liable to a type of capital gains tax. This varies according to the price of the property, how much it has increased in value since the purchase and the number of years that have elapsed.



BRIEFCASE

IRS Goes Global in an Effort To Aid U.S. Taxpayers...

The Internal Revenue Service has greatly expanded its overseas tax assistance program this year, sending taxpayer assistance specialists to 160 cities in 70 countries during the 1992 income tax filing season to help taxpayers with their returns.

The assistants will provide face-to-face help in preparing tax returns, answering questions, getting forms and publications, and even checking completed tax forms — everything but actually filling out the return itself.

The assistance program supplements the full-time, year-round IRS staff assigned to embassies and consulates in Bonn, Caracas, London, Mexico City, Nassau, Ottawa, Paris, Riyadh, Rome, São Paulo, Singapore, Sydney, and Tokyo.

Taxpayers who live and work abroad have until June 15, 1992 to file their 1991 returns and extensions for those who need more time are usually granted.

In 1991 the IRS sent 93 assistants to 52 nations during the January-June income tax filing season. Further information on the IRS taxpayer services available overseas can be obtained by calling embassies or consulates or by calling the IRS international taxpayer service office in Washington at (1) 202-874-1470.

... But Accountancy Still Sees Big Market for Private Advice

Talking to the taxman alone may not be good enough, according to one firm of international tax consultants. "What the IRS doesn't tell you, Ernst & Young does!" claims the cover of the firm's annual tax guide.

At a cost of \$12.95 readers are promised guidance on reducing their tax liability, planning for it

and pitfalls to look out for. This hefty tome of almost 700 pages also contains tax return forms and instructions on how to fill them out, avoiding the most common 25 errors made in tax filing.

The section on electronic tax filing is enlarged this year, and there is, in addition to a special section for the use of those who served in the Gulf War, a tax calendar — presumably so you know just how badly you're letting things slip.

For more information, contact your local Ernst & Young office, or write the firm at 227 Park Avenue, New York, NY 10017.

ERNST & YOUNG

Lehman's List Is No Nifty Fifty, But It Promises the Universe

What is the core of the universe? Geologists or astronomers may have their own answers to that question, but for financial analysts Lehman Brothers, the core of the universe is 64 companies from the United States, Britain, Continental Europe and Japan that have extremely high-quality management and are destined for long-term success.

"It's a collection of stocks from around the world for the global investor," said Carolyn Moses, the London-based chief equity strategist at Lehman Brothers International. "These are the bits of your portfolio you expect to be solid through the years."

Although there are some well known names such as Glaxo, Schlumberger and Peppico in the collection, there are also several relatively obscure companies that may surprise the international investor.

Copies of "The Core of Our Universe" are available free from the private client division of Shearson Lehman.

A Turnaround in the Nikkei? London Researchers Say Yes

There is a growing body of opinion among analysts — of which, of course, contrarians will be wary — that the Japanese stock market is an attractive buy nowadays. The fact that the Nikkei index is trading at around 21,000 this week compared with its all-time high of 38,915 two years ago tends to carry a lot of weight with many commentators.

London-based information unit Fund Research has recently published a report on Japan and South East Asia, and throws its technical behind the Japanese bulls: "We think the technical factors affecting the market will begin to abate in Japan's new financial year, starting April 1," said Managing Director Peter Jefferys.

The firm's conclusions on South East Asia, where it interviewed 28 fund managers in Hong Kong, are also very much in the mainstream: There are exciting opportunities with an above average level of risk.

Pictet Moves Its Mutual Funds To New Home in Luxembourg

A sign of the times in Europe: The Swiss banker and investment manager, Geneva-based Pictet & Co., have decided that henceforth it will register its mutual funds in Luxembourg rather than Switzerland.

A company spokesman cited the more international client base rather than Swiss regulation — which some investment managers and bankers are claiming is becoming increasingly onerous — as the prime reason for the decision.

France • Northern France offers good value with farmhouses and cottages in Brittany and Normandy selling for as little as \$34,000. Further south, prices are more expensive but it is still possible to buy a small apartment on the coast for as little as \$69,000.

France is especially attractive to British buyers, which has given rise to the beginnings of an international market in mortgages. Leading non-resident mortgage schemes are available through Banque Nationale de Paris, Crédit Lyonnais, Crédit Agricole and Crédit du Nord.

The buying process is fairly straightforward but there are pitfalls. Certain purchase agreements should be avoided at all costs; the *offre d'achat*, for example, commits the buyer to the purchase but the vendor can pull out at any stage without penalty.

Nonresidents are advised to leave matters in the hands of a reputable notary to avoid such complications. The notary also will assume responsibility for collecting certain taxes relating to the purchase.

Although property is still relatively cheap in certain areas, the cost can soon mount once stamp duty, value-added tax, local taxes and legal fees are added on.

The amount depends on the age and location of the property. If the house is under five years old, you can expect to pay around 4 percent of the purchase price including notary's fees, land registry charges

and VAT (although VAT is often included in the purchase price). For older properties stamp duty will be described above. This is usually 6 to 8 percent. Should you buy land for building, VAT increases to 13 percent.

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Table listing various international funds and services, including ABC INVESTMENT & SERVICES CO. (INC.), WFB INTERSTRATEGIE, and ALPHA ASSET MANAGEMENT LTD.

Table listing various international funds, including CS Money Market Fd, CS Money Bond Fd, and CS Money Growth Fd.

Table listing various international funds, including GROWTH PORTFOLIO, EQUITY PORTFOLIO, and BOND PORTFOLIO.

Table listing various international funds, including GLOBAL EQUITY PORTFOLIO, GLOBAL BOND PORTFOLIO, and GLOBAL BALANCED PORTFOLIO.

Table listing various international funds, including GLOBAL GROWTH PORTFOLIO, GLOBAL INCOME PORTFOLIO, and GLOBAL VALUE PORTFOLIO.

SPORTS

Begin of 'Baseball Andy's'... Andy's talk about baseball... he's a fan of the sport...



No. 8 Southern Cal's Harold Miner was hoop bound in Seattle.

California Is Victim Of Arizona High Hopes

The Arizona Wildcats may come up short in the Pac-10 this season, but they have their sights set a little higher...

COLLEGE BASKETBALL

57-33 halftime lead and the Golden Bears could get no closer than 22 points during the second half... The Arizona Wildcats hit eight of their first nine shots...

SIDELINES

Besse Wins Men's Makeup Downhill

PANORAMA, British Columbia (Reuters) — William Besse of Switzerland raved from the first starting position to win his first World Cup downhill victory on Friday...

Defiant Drops Out Against America's 3

SAN DIEGO (AP) — An intramural match between Bill Koch's two boats became an easy victory for America as Defiant withdrew during the third-round race in the America's Cup defender trials...

For the Record

Red Star Belgrade, the European soccer club champion, which is barred from playing in Yugoslavia because of political unrest, will play its next "home" match in the European Champions Cup semifinal series...

Unraveling the Mysteries of 'Polite Baseball'

Red Smith, the legendary sports columnist, once tried to get a handle on the relatively refined intricacies of cricket...

They never met again until this week. Like Mr. Auty and Mr. Grudgings, practically everyone on the sidelines...

smooth turf in the middle of a great big field. When the Marion and such creases were laid out, shiplads of special turf were brought from England...

cause this enables him to bowl books; the English he puts on the ball takes effect on the bounce...

behind him, which is about like slapping a foul tip into the bleachers. Ranji could, and did, bat two double centuries in a single match...

'One shouldn't take cold drinks when he's all heated up. Tea, it's a damned fine drink.'

It seemed that a fellow living in a city surrounded by a Germantown Cricket Club, a Philadelphia Cricket Club, and a Merion Cricket Club ought to make it his business to know something about the great game...

Baseball analogies come readily to mind because of Mr. Auty, who writes books about cricket and 'polite baseball'...

used. At each end was a wicket, constructed of three slender sticks about 16 inches tall stuck insecurely into the earth with two smaller sticks, or bails, laid across the top...

Even with all these ways of retiring 'em, it's pretty hard to get a good batter out. That's because he needs to run except when he is sure it's safe...

The gentlemen generally seemed just a wee bit disdainful of the talents of our professional ballplayers. Nevertheless, it seemed to us a covet like Jimmy Fox or Joe Medwick could, with a little practice, whip the socks off the ordinary cricketer...

Bowling Over South African Color Code

WELLINGTON — Making an international cricket debut is hard enough, but for the South African Omar Henry, deep emotion accompanied the usual nervousness...

Henry will return to Scotland in May for a final season. "Then, hopefully, I'm going to go back in South Africa and stay there permanently," he said...

Henry said that among blacks in South Africa "there's an immense lot of talent, but they lack the finer points of the game."

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Against Sri Lanka, Omar Henry, 40, debuted as the first nonwhite cricketer to play for an official South African team.

SCOREBOARD

Table containing NBA Standings, Major College Scores, and NHL Standings.

Table containing Exhibition Games, Baseball, and Football results.

Table containing Basketball Association and Soccer results.

Table containing National Hockey League, Rugby, and American Football results.

Table containing National Football League, Soccer, and Basketball results.

Table containing Soccer, Basketball, and American Football results.

Large advertisement for AT&T USADirect service, featuring the slogan 'FEELING SLOW OFF?' and 'AT&T USADirect Service can get you back to the office in seconds.'

Table listing international telephone area codes and dial access numbers for various countries.

DAVE BARRY Asking for a Date

Miami—As a mature adult, I feel an obligation to help the younger generation, just as the mother fish guards her unhatched eggs...

Mad, Bad People in a Very Weird Place

By William Booth Washington Post Service TAVERNIER, Florida—The water out here is as clear as a glass of vodka, and about three fingers deep...



The Florida author Carl Hiaasen, here on his skiff, mixes crime and environmental wrongdoing.

crocodiles; they are lathered in coconut tanning oil and strangled with tourist curios, thrown into tree shredders...

Quiet Michael Jackson Collects Another Award

There were 30 photographers, 16 television cameras and crews, dozens of reporters and flacks...

High-society in Boca Raton, Florida, is buzzing about the \$2-million spat between the newspaper and the countess...

It was a case of musical chairs in New York. Giuseppe Sinopoli was to have conducted the New York Philharmonic this week...

PERSONALS LEGAL SERVICES ANNOUNCEMENTS MOVING REAL ESTATE AUTO SHIPPING SHOPPING ARTS COLLEGES & UNIVERSITIES

INTERNATIONAL CLASSIFIED ANNOUNCEMENTS MOVING REAL ESTATE AUTO SHIPPING SHOPPING ARTS COLLEGES & UNIVERSITIES

FRIENDSHIPS To meet the privileged classes Claudia Pöschel-Kries GmbH

"Solo Tu" I am a very good looking international entrepreneur, with a well known name from a first class Italian family...

EDITH BRIGITTA FAHRENKROG SAY YES TO A PARTNERSHIP THROUGH THE INTERNATIONAL PARTNERSHIP AGENCY

SCOTTISH LADIES Looking for love and marriage seek AMERICAN GENTLEMEN

MOVING Omni OVERSEAS WORKING NETWORK INTERNATIONAL

AGEDI 83 Residential 7 and 9, 8th de Moles MC 9800 MONACO

BUSINESS MESSAGE CENTER ATTENTION EXECUTIVES Publish your business message in the International Herald Tribune

SECURITY AND SURVEILLANCE PROFESSIONAL personal body guards Do you require our services?

RECYCLE '92 5th INTERNATIONAL FORUM AND EXPOSITION DAVOS, SWITZERLAND APRIL 7-10 1992

LEGAL FOREIGN TRAVEL DOCUMENTS 200 TRAVEL DOCUMENTS: Drive license only country, GHA 30, 304-2000 USA

REAL ESTATE TO RENT/SHARE PARIS AREA FURNISHED 74 CHAMPS ELYSEES LE CLARIDGE

GENERAL POSITIONS AVAILABLE ENGLISH CHAMBERMAID seeks work in hotel, Paris, with accommodation

MONROE NANNIES INTERNATIONAL The premier London agency to train and place NANNIES

POSITIONS AVAILABLE NANNY/HOUSEKEEPER aged 25-35, qualified, experienced for a new born baby

AUTOMOBILES PANTHER 172 Replica Jaguar SS100 Built 1980 by its sole owner

MAAX BUSINESS SERVICES Switzerland Tel: +41-7181 30 40 Fax: +41-7181 15 49

EUROPE AUTO BROKERS, Inc Tel: Holland (31) 3402-6494 Fax 00794

BOATS/YACHTS 75' FAST MOTOR YACHT, 80% complete, launch 1992 Los Angeles

TRADE & INVESTMENT THE TWIN ENGINES OF GROWTH Coming April 3rd in the IHT's Trade & Investment series

THE NEW EUROPE Among the topics to be covered in this advertising section: Competition for investment capital and export markets

Herald INTERNATIONAL Tribune Published With The New York Times and The Washington Post

ARTS COLLEGES & UNIVERSITIES BRITISH BOOKSHOP, FRANKFURT Offers a wide selection of British/American books

COLLEGES & UNIVERSITIES RESIDENT OF NEW YORK but originally from the Caribbean, female, 48, 5'10"

AFRICA AUCTION BRUSSELS 22 March 1992, catalog and information: Konstantin Lempereur, Brussels, Belgium

MONROE NANNIES INTERNATIONAL The premier London agency to train and place NANNIES

THE NEW EUROPE Among the topics to be covered in this advertising section: Competition for investment capital and export markets

Herald INTERNATIONAL Tribune Published With The New York Times and The Washington Post

Vertical advertisements on the right edge of the page, including Pentago, Specter of Haunts Po, and Japanese.